Parkland
FUEL CORPORATION

ANNUAL INFORMATION FORM

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2017

March 9, 2018

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Glossary of Terms

When used in this Annual Information Form the following terms have the meanings set forth below:

"**5.50% Senior Notes**" means the $200,000,000 aggregate principal amount of 5.50% senior notes with a final maturity date of May 28, 2021 issued by Parkland on May 29, 2014;

"**5.625% Senior Notes**" means the $500,000,000 aggregate principal amount of 5.625% senior notes with a final maturity date of May 9, 2025 issued by Parkland on September 16, 2017;

"**5.75% Senior Notes**" means the $300,000,000 aggregate principal amount of 5.75% senior notes with a final maturity date of September 16, 2024 issued by Parkland on September 16, 2016;

"**6.00% Senior Notes**" means the $200,000,000 aggregate principal amount of 6.00% senior notes with a final maturity date of November 21, 2022 issued by Parkland on November 21, 2014;

"**Board of Directors**" or "**Board**" means the board of directors of Parkland;

"**Burnaby Refinery**" means a 55,000 bpd light/sweet crude refinery located in Burnaby, British Columbia;

"**Business**" means the refining, marketing, logistics and transportation of fuels and related petroleum products, convenience store products, and services to commercial, industrial, retail and residential customers in Canada and the United States, and internationally, as currently carried on by Parkland and its subsidiaries, on a consolidated basis;

"**Business Corporations Act**" means the *Business Corporations Act* (Alberta), as amended, including the regulations promulgated thereunder;

"**CCL**" means Chevron Canada Limited;

"**Chevron Acquisition**" means Parkland's acquisition of Chevron Canada R&M ULC from CCL pursuant to the terms of a share purchase agreement dated April 18, 2017, as amended September 28, 2017, between Parkland and Chevron Canada, for the preliminary purchase price of $1,460 million, plus an estimated $186 million in working capital;

"**Chevron ULC**" means Chevron Canada R&M ULC;

"**Common Shares**" means the common shares in the capital of Parkland;

"**Corporation**" **or** "**Parkland**" means Parkland Fuel Corporation, a corporation incorporated under the Business Corporations Act and includes, where the context dictates, its subsidiaries on a consolidated basis;

"**Competition Act**" means the *Competition Act* (Canada), as amended;

"**Couche-Tard**" means Alimentation Couche-Tard Inc.;

"**Credit Agreement**" means the amended and restated senior secured credit agreement between the Corporation, Elbow River, Parkland (U.S.) Financing Corp. and Parkland Refining, as borrowers, The Toronto-Dominion Bank as agent, The Toronto-Dominion Bank, National Bank of Canada, The Bank of Nova Scotia, Royal Bank of Canada, Canadian Imperial Bank of Commerce, Wells Fargo Bank, N.A., Bank of Montreal, ATB Financial, The Bank of Tokyo-Mitsubishi UFJ, Ltd., JPMorgan Chase Bank, N.A., HSBC Bank Canada, Bank of America, N.A. and such other persons as become parties thereto as lenders, made as of September 28, 2017 and amended pursuant to the amending and consent agreement No. 1 made as of October 6, 2017 and the amending and consent agreement No. 2 made as of March 2, 2018;

"**Credit Facility**" means Parkland's credit facilities which are made up of a maximum amount of $1,000,000,000 and US$50 million syndicated credit facility.

"**CST Acquisition**" means Parkland's acquisition of the majority of the Canadian business and assets of CST Brands, Inc. from Couche-Tard;

"**CST Assets**" means the majority of the Canadian business and assets of CST Brands, Inc.;

"**CST Purchase Agreement**" means the asset purchase agreement with Couche-Tard to acquire the CST Assets for a preliminary purchase price of approximately $965 million;

"**Elbow River**" means Elbow River Marketing Ltd., a corporation incorporated under the Business Corporations Act;

"**Imperial**" means Imperial Oil Ltd.;

"**Intermediation Facility**" means the Intermediation ISDA 2002 agreement dated as of October 6, 2017 between the Corporation, Parkland Refining and a financial institution to fund a portion of the working capital requirements of the Burnaby Refinery operations acquired as part of the Chevron Acquisition, as amended as of March 2, 2018**;**

"**IT**" means information technology;

"**LPG**" means liquefied petroleum gas;

"**NGL**" means natural gas liquids;

"**Parkland Refining**" means Parkland Refining (B.C.) Ltd., a wholly-owned subsidiary of Parkland;

"**Parkland USA**" means SPF Energy and the business of providing services to commercial, industrial, retail and residential customers in the United States through SPF Energy;

"**Pioneer Energy Acquisition**" means Parkland's acquisition of substantially all of the assets and select liabilities that comprise Pioneer Energy pursuant to the terms of an asset purchase agreement dated September 17, 2014;

"**PNO**" means Propane Nord-Ouest Inc.;

"**RFR**" means the Renewable Fuels Regulations under the Canadian Environmental Protection Act, 1999;

"**Senior Note Indentures**" means, collectively, the trust indenture dated May 29, 2014 governing the terms of the 5.50% Senior Notes, the trust indenture dated November 21, 2014 governing the terms of the 6.00% Senior Notes, the trust indenture dated September 16, 2016 governing the terms of the 5.75% Senior Notes and the trust indenture dated May 9, 2017 governing the terms of the 5.625% of Senior Notes;

"**Senior Notes**" means, collectively, the 5.50% Senior Notes, the 6.00% Senior Notes, the 5.75% Senior Notes and the 5.625% Senior Notes;

"**Shareholders**" means the holders of Common Shares;

"**SPF Energy**" means SPF Energy, Inc., a corporation incorporated under the laws of North Dakota;

"**Subscription Receipts**" means the 9,430,000 subscription receipts issued by Parkland on September 7, 2016 at a price of $24.50 per Subscription Receipt for aggregate gross proceeds of $231,035,000. Each Subscription Receipt entitled the holder thereof to receive one Common Share upon the closing of the CST Acquisition;

"**Turnaround**" a major plant-wide maintenance event which the Burnaby Refinery is expected to undergo in Q1 2018;

"**TSX**" means the Toronto Stock Exchange; and

"**UNDRIP**" means the United Nations Declaration on the Rights of Indigenous Peoples.

Presentation of Information

Unless otherwise noted, the information contained in this annual information form ("**Annual Information Form**" or "**AIF**") is given as at or for the year ended December 31, 2017. All dollar amounts are in Canadian dollars unless otherwise noted. Unless the context otherwise requires, all references to the "Corporation" and to "Parkland", "we", "our" and "us" herein refer to Parkland Fuel Corporation and its subsidiaries on a consolidated basis. Capitalized terms not defined in the body of this Annual Information Form will have the respective meanings set out in the section "*Glossary of Terms*" section of this Annual Information Form.

Cautionary Statement Regarding Forward – Looking Information

This Annual Information Form contains forward-looking statements. Many of these statements can be identified by words such as "believe", "plan", "expect", "could", "seek", "would", "will", "intend", "strategy", "project", "anticipate", "target", "estimate", "continue", or similar words and expressions. In particular, this Annual Information Form contains forward-looking statements with respect to, among other things, business objectives (including the closing and integration of the CST Acquisition and the Chevron Acquisition), expected growth and expansion, results of operations, performance, business projects, strategy and opportunities, anticipated closing of certain previously announced transactions, the expected impact of acquisitions, execution of supply strategies, integration of acquired assets, volume growth, expected impact of management systems and programs and financial results.

The forward-looking information contained herein is based upon Parkland's current views with respect to future events based on certain material factors and assumptions. As such, readers are urged to consider the factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on these forward-looking statements. The forward-looking statements contained in this Annual Information Form are based upon a number of material factors and assumptions including, without limitation:

- the regulatory framework that governs the operation of Parkland's business;
- Parkland's ability to successfully integrate acquired assets and business into Parkland's operations;
- commodity prices for gasoline, diesel, propane, lubricants, heating oil and other high quality petroleum products;
- crack spreads per barrel and US dollar foreign exchange rates;
- financial market conditions, including interest rates and exchange rates;
- Parkland's future debt levels;
- Parkland's ability to generate sufficient cash flows from operations to meet its current and future obligations;
- future capital expenditures to be made by Parkland;
- access to and terms of future sources of funding for Parkland's capital program;
- Parkland's ability to win new customers in the various markets where it operates; and
- Parkland's ability to identify suitable acquisition targets.

These forward-looking statements involve numerous assumptions, known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The forward-looking information contained herein is based upon the Corporation's current views with respect to future events based on certain material factors and assumptions and are subject to certain risks and uncertainties, including without limitation, changes in market, competition, governmental or regulatory developments, and general economic conditions and other factors under the heading "*Risk Factors*" in this Annual Information Form. More specifically, certain material factors and assumptions that could cause actual results to vary materially from those anticipated including, without limitation:

- general market conditions;
- micro and macro-economic trends and conditions;
- ability to execute on our business and growth strategy and realize the benefits therefrom;
- ability to realize the benefits from our core capabilities;
- ability to close certain previously announced transactions on terms satisfactory to Parkland or at all;
- ability to capture value in each step of the value chain;
- ability to realize on the expected benefits, synergies and opportunities from acquisitions;
- ability to secure future capital to support and develop our business, including the issuance of additional common shares;
- effectiveness of Parkland's management systems and programs;
- factors and risks associated with retail pricing and margins;
- availability and pricing of petroleum product supply;
- volatility of crude oil prices;
- the competitive environment of our industry in Canada and the United States;

- environmental impact;
- risk of pending or future litigation;
- interest rate fluctuation; and
- availability of capital and operating funds.

The foregoing factors are not exhaustive. Many factors could cause the Corporation's or any particular business segment's actual results, performance or achievements to vary from those described in this Annual Information Form. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this Annual Information Form as intended, planned, anticipated, believed, sought, proposed, estimated or expected. As such, readers are urged to consider the factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on these forward-looking statements.

Additional information on these and other factors that could affect the Corporation's operations or financial results is discussed in this Annual Information Form, including our Management's Discussion and Analysis for the year ended December 31, 2017 (available under the Corporation's profile on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com or the Corporation's website at www.parkland.ca), which is incorporated by reference in this Annual Information Form.

The forward-looking statements speak only as of the date of this Annual Information Form and the Corporation does not intend, and does not assume any obligation, to update these forward-looking statements except as required by law. The forward-looking statements contained in this Annual Information Form are expressly qualified by these cautionary statements.

Corporate Structure

Parkland Fuel Corporation

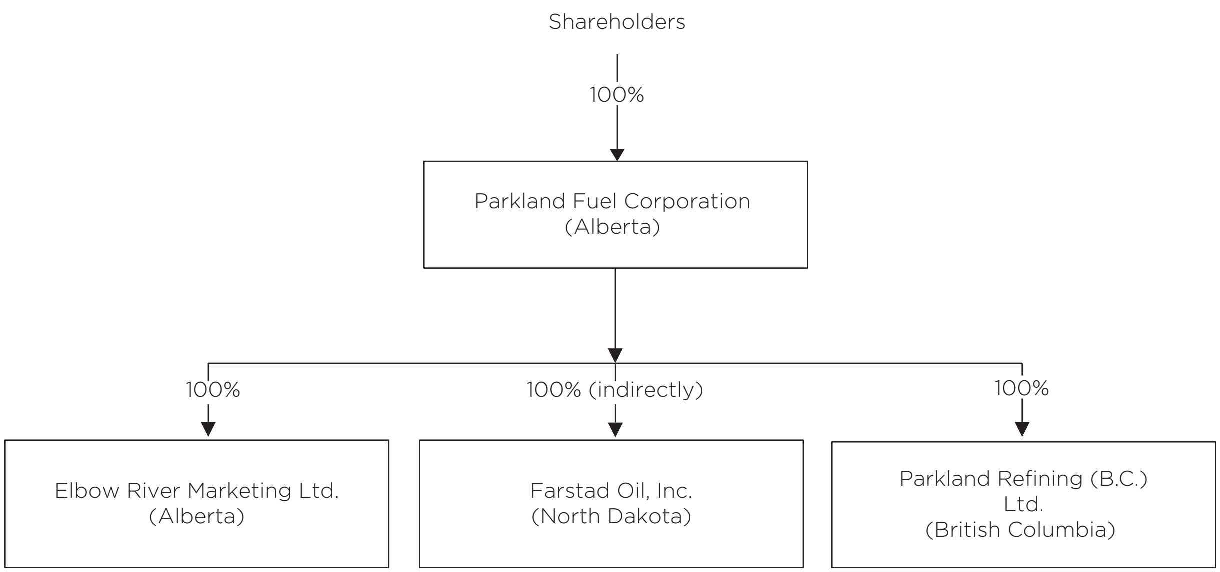
Parkland was incorporated on March 9, 2010 under the Business Corporations Act for the purpose of participating in a corporate reorganization implemented effective December 31, 2010 under Section 193 of the Business Corporations Act, pursuant to which Parkland's predecessor public entity, reorganized from an income fund into a corporate structure. The Common Shares trade on the TSX under the symbol "PKI" and began trading on the TSX on January 7, 2011.

Parkland conducted a reorganization of its corporate structure effective January 1, 2017, pursuant to which, among other things, Parkland Fuel Corporation and its wholly-owned subsidiary, Parkland Industries Ltd., effected a vertical short form amalgamation pursuant to Section 184(1) of the Business Corporations Act with the amalgamated entity retaining the name of Parkland Fuel Corporation (the "**Internal Reorganization**"). Following the Internal Reorganization, Parkland Fuel Corporation is both the public entity and principal operating entity.

The registered office and head office of the Corporation is located at 6302, 333 96th Avenue NE, Calgary, Alberta, T3K 0S3.

Subsidiaries of the Corporation

The following organization chart presents the name and the jurisdiction of certain of Parkland's subsidiaries as at December 31, 2017. The assets and revenues of excluded subsidiaries individually did not exceed 10%, and in the aggregate did not exceed 20%, of the total consolidated assets or total consolidated revenues of Parkland as at and for the year ended December 31, 2017.



General Development of the Business

The Corporation and its subsidiaries carry on the Business. The Corporation sells its products and services into three channels: retail, commercial, and wholesale. Parkland's retail channel sells fuel and convenience store products through company owned and dealer owned gas stations and convenience stores. The commercial channel delivers fuel, including home heating oil, and provides related services to industrial customers and residential customers who tend to be located in rural communities. Parkland's wholesale channel is focused on delivering wholesale fuel to resellers, large industrial clients, and growing Parkland's commodity marketing business and Parkland's Burnaby Refinery. This segregation organizes the operating managers according to particular business lines.

Three Year History

2017

On May 9, 2017, Parkland announced the closing of its private placement of (i) common shares for aggregate gross proceeds of approximately $662 million and (ii) 5.625% Senior Notes for aggregate gross proceeds of $500 million. The net proceeds of the offerings were used to fund a portion of the Chevron Acquisition purchase price. See "Description of Capital Structure – Indebtedness – 5.625% Senior Notes".

On June 28, 2017, Parkland announced that it had completed the CST Acquisition. The assets acquired by Parkland as part of the CST Acquisition consisted of (i) 495 dealer and commissioned agent retail businesses, (ii) 73 commercial cardlock sites, (iii) 30 commercial and home heating sites, (iv) 159 company operated retail fuel sites and (v) a corporate presence in Montreal with French language support structure. The acquisition added the Ultramar brand to Parkland's brand profile, allowed Parkland to extend its fuel network coverage in Quebec and Atlantic Canada and further enhanced Parkland's presence in Ontario. The CST Acquisition also added scale and diversity to Parkland's supply portfolio in Quebec and Atlantic Canada while enhancing Parkland's existing supply relationships. A business acquisition report related to the CST Acquisition was filed by Parkland with the applicable securities regulatory authorities on September 8, 2017 and is available under the Corporation's profile on SEDAR at www.sedar.com. See "Risk Factors – Integration".

On June 28, 2017 and as a result of the closing of the CST Acquisition, the holders of the Subscription Receipts automatically received one Parkland common share for each Subscription Receipt in accordance with the terms of the subscription receipt agreement governing the terms of the Subscription Receipts. As a result, the Subscription Receipts were delisted by the TSX after close of trading on June 29, 2017.

On October 1, 2017, Parkland Refining completed the Chevron Acquisition. The business acquired as part of the Chevron Acquisition includes (i) 129 Chevron-branded retail service stations principally located in the Greater Vancouver area, (ii) 37 commercial cardlocks located in Alberta and British Columbia, (iii) a wholesale aviation business serving the Vancouver International Airport, (iv) three terminals located in Burnaby, Hatch Point and Port Hardy, British Columbia and (v) the Burnaby Refinery. Shortly after the closing of the Chevron Acquisition, Chevron ULC and Parkland Refining completed a short form vertical amalgamation pursuant to the Business Corporation Act (British Columbia) with Parkland Refining as the amalgamated entity.

The Chevron Acquisition strengthens Parkland's supply-focused business model and adds significant scale to Parkland's marketing business with the premier Chevron retail and cardlock network in British Columbia. The Burnaby Refinery is highly integrated with the retail, commercial, and wholesale businesses acquired, with approximately 85% of the refinery's production sold through the acquired marketing assets. A business acquisition report related to the Chevron Acquisition was filed by Parkland with the applicable securities regulatory authorities on December 6, 2017 and is available under the Corporation's profile on SEDAR at www.sedar.com. See "Risk Factors – Integration" and "Risk Factors – Refinery Operations".

2016

On March 8, 2016, Parkland acquired Imperial's On the Run / Marché Express convenience store franchise system and related marks in Canada, and acquired Imperial's real estate assets, including the land, buildings and equipment, at 17 Esso-branded retail sites in Saskatchewan and Manitoba (collectively, the "**Imperial Transaction**"). The Imperial Transaction closed on October 5, 2016 and included the franchise agreements for approximately 80 On the Run / Marché Express convenience stores that were operated by Esso-branded fuel dealers and distributors. The 17 Esso-branded retail sites acquired in the Imperial Transaction closed on July 6, 2016 and are currently operated by Parkland under long-term operating leases with Imperial.

On April 6, 2016, Parkland, through its wholly-owned subsidiary, Les Pétroles Parkland Limitée, closed the acquisition of the assets and business of PNO. The acquisition allowed Parkland to supply propane to the mining industry and other residential and industrial customers of northern Quebec. The transaction also included exclusive access to the Mirault rail facility in Val D'Or for Parkland's all-season supply of propane as well as fuel and lubricant products.

On May 25, 2016, Parkland closed the acquisition of propane assets and business from Girard Bulk Service Ltd., which allowed Parkland to expand its service of propane to commercial, residential and industrial customers in Saskatchewan.

On August 22, 2016, Parkland announced that it entered into the CST Purchase Agreement with Couche-Tard to acquire the CST Assets. The transactions contemplated by the CST Purchase Agreement were completed in 2017 as described under the heading "2017" above. Concurrently with the execution of the CST Purchase Agreement, Couche-Tard announced a definitive agreement with CST Brands, Inc. under which Couche-Tard would acquire CST Brands, Inc. See "Risk Factors – Integration".

On September 7, 2016, Parkland announced the closing of the offering of the Subscription Receipts. The net proceeds of the offering were placed into escrow and were released on June 28, 2017 upon the satisfaction of the applicable release conditions in connection with the CST Acquisition and were used to fund a portion of the purchase price for the CST Acquisition. See “2017” above.

On September 16, 2016, Parkland announced the closing of its private placement of the 5.75% Senior Notes in the amount of $300 million. The net proceeds of the 5.75% Senior Notes were placed in escrow and released on June 28, 2017 upon satisfaction of the applicable release conditions in connection with the CST Acquisition. The net proceeds of the 5.75% Senior Notes were used to fund a portion of the purchase price of the CST Acquisition. See “2017” above and “Description of Capital Structure – Indebtedness – 5.75% Senior Notes”.

On November 30, 2016, Parkland closed the acquisition of two trucks stops and one retail gas station in Cheyenne, Wyoming from 7-Eleven, Inc.

On December 1, 2016, Parkland closed the acquisition of the assets and business of PNE Corporation, a national provider of propane cylinder exchange services. The acquisition expanded the scope of Parkland’s propane business to include a national 20-pound cylinder exchange offering in addition to a 33 and 100-pound cylinder propane offering in Ontario.

2015

On March 31, 2015 Parkland announced the acquisition of five retail stations in North Dakota. The acquisition extended Parkland’s retail footprint into the Bismarck and Dickinson areas.

On April 7, 2015, Parkland closed its acquisition of 11 Chevron-branded service stations in British Columbia. The acquisition strengthened Parkland’s brand portfolio and increased the density of Parkland’s operations in British Columbia.

On June 25, 2015, Parkland closed the Pioneer Energy Acquisition. On the closing date of the Pioneer Energy Acquisition, Pioneer Energy’s network consisted of 397 retailer and dealer operated service stations in Ontario and Manitoba, which included 152 Pioneer-branded and 230 Esso-branded service stations. Purchase consideration consisted of cash consideration of approximately $254,090,000, 5,830,000 Common Shares and the assumption of standard operating liabilities. A business acquisition report related to the Pioneer Energy Acquisition was filed by Parkland with the applicable securities regulatory authorities on September 3, 2015 and is available under the Corporation’s profile on SEDAR at www.sedar.com.

On October 31, 2015, Parkland closed the acquisition of two retail stations in North Dakota. The acquisition extended Parkland’s retail footprint into the New Town and Wahpeton regions.

Outlook

In 2018, Parkland will be focused on integrating the CST Acquisition and Chevron Acquisition and driving synergies to create shareholder value. Parkland continues to focus on building and expanding the On the Run / Marché Express convenience store offering, which will provide a strong platform to support the growth of the Parkland Retail offering across Canada. Also, as part of our supply strategy to enhance our supply advantage Parkland will focus on continuing to successfully operate the Burnaby Refinery, and add volume and improve supply costs across Canada. We intend to maintain our ongoing focus on retaining existing customers and winning new customers in our various markets. Further, in line with our disciplined strategy of acquiring prudently, Parkland will continue to review its acquisition pipeline for potential targets and initiate acquisitions as strategic opportunities arise.

Description of the Business of the Corporation

Who we are

Parkland is Canada's largest and one of North America's fastest growing independent suppliers and marketers of fuel and petroleum products. Parkland services customer through three channels: Retail, Commercial and Supply. Parkland optimizes its fuel supply across these three channels by operating the Parkland Burnaby Refinery, and leveraging a growing portfolio of supply relationships and storage infrastructure. As a leading convenience store operator, Parkland provides trusted and locally relevant brands in the communities it serves, through its On the Run / Marché Express banners.

Parkland creates value for shareholders by focusing on its proven strategy of growing organically, realizing a supply advantage and acquiring and integrating prudently. At the core of our strategy are our people, as well as our values of safety, integrity, community and respect which are embraced across our organization.

Parkland is listed on the Toronto Stock Exchange and trades under the symbol PKI. We operate through four operating segments; Retail, Commercial Fuels, Supply (formerly "Supply and Wholesale"), and Parkland USA.

Core Capabilities

While Parkland's reach extends across Canada and the Northern tier of the United States, its service and value proposition are local. Parkland's core capabilities include:

- North American supply and distribution reach and scope that allows it to identify opportunities between markets that other independents may not recognize or be able to capitalize on;
- a diverse portfolio of regional markets and products that help mitigate the risk of market, economic, operational and environmental disruptions in any one market;
- a dedicated supply team, allowing Parkland to secure significant economic benefit from its supply portfolio;
- supply security through the Burnaby Refinery and supply relationships and agreements with all major refiners in the markets where Parkland operates; and
- distribution channels that provide a balanced sales portfolio of gasoline, diesel and propane that gives Parkland a competitive supply advantage and customers a broad product offering.
- Nationally recognized convenience store brands, tailored to local markets, along with fuel marketing capability with the ability to provide local services through retail and commercial networks.

These core capabilities are achieved by Parkland's strategic plan which consists of the following pillars:

Grow Organically

Parkland drives organic growth by innovatively pursuing opportunities to increase gross profit, focusing on delivering a great customer experience, and continuously improving efficiencies. Parkland effectively deploys growth capital, operates safely and efficiently, and is a responsible steward of the environment. We believe these activities enable us to grow organically our fuel and non-fuel offerings in all fuel marketing channels. Parkland also leverages its strong portfolio of major and independent fuel brands and its nationally recognized convenience store brand, On The Run / Marché Express.

Supply Advantage

Parkland delivers a supply advantage by effectively operating the Burnaby Refinery, leveraging market inefficiencies and being a partner of choice for other refiners. Parkland uses market inefficiencies to its advantage by acting on arbitrage opportunities as well as leveraging unbranded volume, transportation, relationships and strategic storage capabilities. To be the partner of choice for our suppliers, we work hard to reliably and consistently purchase large volumes of the full range of refined products produced by refineries in the geographic markets in which we operate. We sell our products through a variety of "owned" marketing channels including company-owned retail gas stations, commercial diesel cardlocks, and commercial fuel, propane and lubricant delivery branches. We also use our large dealer-owned retail network and wholesale activities to optimize the value of the products that we purchase from our suppliers.

Acquire and Integrate Prudently

Parkland is a disciplined acquirer that actively seeks complementary scale and scope opportunities. Parkland builds and leverages relationships with the objective of being the buyer of choice for prospective vendors, and effectively integrates acquisitions to drive operational efficiency, create synergies and generate shareholder value. As the fuel distribution market remains significantly fragmented in North America, we believe we are well placed to be a leader in its consolidation given our potential supply and cost synergies and our experience across all fuel marketing channels. We believe that our combination of acquisitive and organic growth enables us to earn a competitive return for our shareholders.

Operating Segments

Parkland's business is split into five segments for the purpose of reporting: Retail, Commercial Fuels, Parkland USA, Supply and Corporate.

Retail Segment

Parkland Retail supplies and supports a network of 1,848 retail gas stations in Canada. Parkland operates under six key retail fuel brands: Ultramar, Esso, Fas Gas Plus, Chevron, Pioneer, and Race Trac. In addition, Parkland operates under seven convenience store brands: On the Run / Marché Express, Short Stop, Town Pantry, Dépanneur du Coin / Corner Store, Dépan Express / ExpressMart, Snack Express, and Verve. Parkland's multi-brand strategy, as described below, provides a robust offering to satisfy many fuel and convenience store market segments:

- **Ultramar** – Ultramar is one of the most recognized retail fuel brands in Quebec and Atlantic Canada with four strong convenience store brands: Corner Store, Dépanneur du Coin, Express Mart and Dépan Express. Parkland has exclusive rights to use the Ultramar brand with the exception of Couche-Tard's right to use the brand at certain retail sites that were retained by Couche-Tard as part of the CST Acquisition.
- **Esso** – The Esso-branded wholesaler agreement provides Parkland with the opportunity to offer Esso's nationally-recognized premium brand to Parkland's own network and to independent dealers.
- **Fas Gas Plus** – Fas Gas Plus is a community-focused independent brand that brings consumers an urban offering in non-urban markets through large, well-merchandised convenience stores, a strong loyalty program and knowledgeable and friendly retailer operators and dealers. Parkland's strategy is to continue maximizing penetration of this brand throughout our traditional non-urban markets by acquiring new sites as well as modernizing and maintaining existing sites to the highest of Parkland's standards.
- **Chevron** – Chevron is a premium brand principally located in the Greater Vancouver area with locations across British Columbia. Other services include Town Pantry branded convenience stores and Triple O branded franchises restaurants. Parkland has the exclusive right in Canada to offer Chevron's premium brand to Parkland's owned and leased network and to independent dealers under the Chevron-branded wholesaler agreement.
- **Pioneer** – Pioneer is an Ontario based brand with high customer value largely located in suburban/commuter markets that offers a market competitive fuel price, a regionally relevant loyalty program and convenient locations. Other services include On the Run / Marché Express, Snack Express or Verve branded convenience stores and Clean Express branded car washes.
- **Race Trac** – Race Trac is designed for the dealer who wishes to operate independently in the retail market and not be restricted by the requirements of other brand offerings. Parkland has focused on enhancing the brand value of Race Trac. This brand is positioned for locations or markets where the Fas Gas Plus, Pioneer, Chevron or Esso brands are not well suited and is a complementary offering within Parkland's brand portfolio.
- **On the Run / Marché Express convenience store brand** – Parkland owns the franchisor rights to approximately 80 On the Run / Marché Express convenience store franchise agreements and the associated trademarks in Canada. On the Run / Marché Express provides Parkland with a national convenience store brand that is expected to grow and enhance our convenience store offering.

Business Models

Parkland Retail operates under two main business models:

- **Company** – The Company business model includes sites that are owned or leased by Parkland, and are operated and managed by either Parkland or by independent retailers on its behalf. Parkland owns the fuel inventory and maintains control of the retail selling price at the pumps. Convenience store inventory may be owned by the retailer or Parkland. If the site is operated by a retailer, Parkland pays the retailer a "cents-per-litre" commission on the fuel sales and collects from the retailer a fixed rent for the facilities, plus a percentage rent on the convenience store sales or gross margin. Sites operating under industry models such as "company-owned retailer-operated" and "company-owned company-operated are included under the Company business model.
- **Dealer** – The Dealer business model includes sites owned or leased by an independent dealer or Parkland, and are operated and managed by the independent dealer. Parkland secures long-term fuel supply contracts with the dealer, usually of five years or longer and supplies fuel to the dealer based on independently published rack prices. The dealer owns the fuel inventory and maintains control of the retail price selling at the pumps, unless the inventory was sold to the dealer by Parkland on consignment, in which case Parkland owns the fuel inventory and maintains control of the retail price selling at the pumps. Convenience store inventory is owned by the dealer. Sites operating under industry models such as "dealer-owned dealer-operated", "company-owned dealer-operated", or consignment dealer-operated are included under the Dealer business model.

Canadian Site Counts by Brand, Business Model and Geography

Operating Model	Ultramar	Esso	Fas Gas Plus	Chevron	Pioneer	Race Trac	Other	Total
Company sites	146	70	90	160	118	1	11	596
Dealer sites	493	518	104	18	36	65	18	1,252
Total	639	588	194	178	154	66	29	1,848

Province	Company Model	Dealer Model	Total
Alberta	76	190	266
British Columbia	172	97	269
Manitoba	17	71	88
New Brunswick	8	33	41
Nova Scotia	19	23	42
Newfoundland	12	37	49
Northwest Territories		2	2
Ontario	162	412	574
Quebec	100	290	390
Prince Edward Island	2	6	8
Saskatchewan	28	87	115
Yukon		4	4
Total	596	1,252	1848

In 2017, Retail sales and operating revenue was $4.5 billion with fuel volume of approximately 5.21 billion litres compared to sales and operating revenue of $2.75 billion and 3.72 billion litres in 2016. The sales and operating revenue increased as a result of the CST Acquisition and Chevron Acquisition as well as rising fuel and petroleum commodity prices. Fuel volumes increased as a result of the CST Acquisition and the Chevron Acquisition. Excluding the impact of the CST Acquisition and Chevron Acquisition, the Retail segment fuel volumes decreased slightly during the fourth quarter due to the divestiture of certain sites in connection with the closing of the CST Acquisition and the Chevron Acquisition and Parkland's Retail fuel volume remained relatively consistent with the prior year for the year ended December 31, 2017. See "Risk Factors" for a further description of factors which may impact Retail.

Commercial Fuels Segment

Parkland Commercial Fuels delivers bulk fuel, bulk and cylinder exchange propane, heating oil, lubricants and other related products and services to commercial, industrial and residential customers in Canada through an extensive delivery network. Parkland Commercial Fuels uses a variety of regionally relevant trade names, service marks and trademarks for use in the businesses that are considered important and valuable in the marketing of its products. The family of brands in this segment includes Chevron, Ultramar, Bluewave Energy, Columbia Fuels, Sparlings Propane, Island Petroleum, Pipeline Commercial, Propane Nord-Ouest (PNO) and PNE.

Parkland Commercial Fuels' customer base is diverse, supplying a broad cross-section of industries across Canada including oil and gas, construction, mining, forestry, and fishing and transportation. Parkland Commercial Fuels also sells propane and heating oil to residential customers.

The Commercial Fuels segment that was purchased as part of the Chevron Acquisition includes a cardlock business that consists of commercial truck fueling stations located near highways, a marina network consisting of three commercial marine fuel facilities, and a commercial business that distributes fuels to commercial customers.

The Commercial Fuels segment that was purchased as part of the CST Acquisition includes a cardlock business that consists of commercial truck fueling stations located near highways, and a commercial and home heating business that distributes heating oil and motor fuels to residential and commercial customers.

The Commercial Fuels segment operations are seasonal, reflecting fluctuations in heating requirements through the year and local industrial activity that may be more active in the winter than in the summer. In general, the first and fourth quarters are the busiest periods for Parkland Commercial Fuels. See "Risk Factors" for a further description of factors which may impact Commercial Fuels.

Canadian Site Counts by Business Offering and Geography

Province	Cardlock	Branch	Branch & Cardlock	Marina Facilities	Lubricant Distribution Centre	Total
Alberta	23	7	8		4	42
British Columbia	54	12	6	3	2	77
Manitoba					1	1
New Brunswick	7	2	1			10
Newfoundland	4	7				11
Nova Scotia	9	14	3		1	27
Northwest Territories			2			2
Ontario	17	21	8		1	47
Prince Edward Island	10	2				12
Quebec	38	13				51
Saskatchewan		4	1		2	7
Yukon			1			1
Total	162	82	30	3	11	288

In 2017, Commercial Fuels sales and operating revenue was $1.78 billion with fuel volume of approximately 2.25 billion litres compared to sales and operating revenue of $1.06 billion and 1.37 billion litres in 2016. The sales and operating revenue of the Commercial Fuels segment increased primarily due to the CST Acquisition and Chevron Acquisition. Excluding the impact of the CST Acquisition and the Chevron Acquisition, the sales and operating revenue increased for the year ended December 31, 2017, largely due to growth in fuel and petroleum product volume, driven by propane volume growth in both Western and Eastern Canada as well as rising fuel and petroleum commodity prices. Fuel volumes increased primarily due to the CST Acquisition and the Chevron Acquisition. Excluding the CST Acquisition and the Chevron Acquisition, fuel volumes grew for the year ended December 31, 2017, driven by growth in propane volumes as a result of strong organic growth and the impact of business acquisitions completed in 2016. Furthermore, gas and diesel volumes increased in 2017, driven by early signs of increased economic activity in the oil and gas sector in Western Canada, along with increased industrial volumes in Eastern Canada. See "Risk Factors" for a further description of factors which may impact Commercial Fuels.

Parkland USA Segment

Parkland USA is an independent fuel marketer headquartered in Minot, North Dakota. Parkland USA supplies and distributes refined petroleum products throughout North Dakota, Montana, Minnesota, South Dakota and Wyoming. Parkland USA is a platform for growth in the Northwest United States and provides Parkland with export opportunities for product from Western Canada. Additionally, this segment enhances supply capabilities by leveraging Parkland's rail assets. The brands in this segment include Farstad Oil and Superpumper.

Parkland USA operations are conducted from the following divisions:

- **Wholesale** – Parkland USA's Farstad Oil is responsible for managing Parkland USA's fuel supply contracts, purchasing fuel from suppliers, distribution through third party rail and highway carriers as well as serving wholesale customers. Through Farstad Oil, Parkland USA has distribution capacity in Minot, North Dakota and supplies fuel to retailers, small resellers and commercial operators. Parkland USA owns a fleet of approximately 75 trucks that deliver wholesale fuels and commercial lubricants to its customers.
- **Retail** – This division operates and services a network of retail service stations. Parkland USA owns and operates "Superpumper", a proprietary convenience store brand. Parkland USA is also a branded wholesaler for Cenex, Conoco, Exxon, Shell, Sinclair and Tesoro within the United States. Parkland USA operates service stations under the following business models:
  - **Dealer Owned/Operated** – Dealers own or lease their own sites and enter into a contract with Parkland USA for fuel supply, the rights to a brand offering and a point-of-sale system. Over the term of the agreement, Parkland supplies fuel to the dealer based on rack prices that can fluctuate frequently. The dealer owns the fuel inventory and maintains control of the retail selling price at the pumps. This division supplies a number of multi-site dealer chains with both branded and unbranded relationships.
  - **Parkland USA Owned/Operated** – Parkland USA owns 25 Superpumper sites and operates these sites directly with Parkland USA employees, often co-branded with a major refinery brand in the forecourt.
- **Lubricants** – Parkland USA delivers Exxon Mobil lubricants to commercial, industrial and wholesale customers through an extensive delivery network in the regions that we operate.

In 2017, Parkland USA sales and operating revenue was $710 million with fuel volume of approximately 943 million litres compared to sales and operating revenue of $586 million and 912 million litres in 2016. Sales and operating revenue increased for the year ended December 31, 2017, primarily as a result of rising fuel and petroleum commodity prices and in part due to increased volumes. Fuel volumes increased in 2017, primarily due to the acquisition of three service stations in Wyoming in late 2016 and new customer wins. See "Risk Factors" for a further description of factors which may impact Parkland USA.

Supply Segment

Overview

Parkland's Supply segment manages fuel supply by effectively operating the Burnaby Refinery (as further described under the below heading "Refinery Operations"), purchasing fuel from other refiners and suppliers, distributing through third-party rail, road transport and marine carriers, storing fuel in owned and leased facilities, and serving wholesale and reseller customers in North America. The Supply segment serves internal Parkland operating segments and external customers. Major sales categories are:

- wholesale gasoline and diesel;
- refined products, which includes gasoline, diesel, gasoline blend stock and drilling fluids;
- crude, asphalt, and fuel oils, which includes gas oils;
- aviation fuel;
- liquid petroleum gas, which includes propane, butane, condensate and NGL mix; and
- renewable fuels, which includes ethanol and biodiesel.

Contracts – Parkland maintains fuel supply contracts with multiple refiners, wholesale and trading suppliers. This diversity of supply, combined with strategic storage, allows Parkland to obtain fuel at competitive prices and enhances fuel supply security for Parkland owned sites and for all Parkland customers.

Purchases – The Supply segment sources fuel from third party suppliers and sells, at an arm's length transfer price, to Parkland's Retail, Commercial Fuels and Parkland USA. Parkland's Supply segment also provides transportation services to the Retail and Commercial Fuels segments at an arm's length transfer price. Parkland utilizes its leased rail car fleet and leverages its network of North American relationships with a view to match purchase and sales contracts and execute on a strategy of geographic and seasonal arbitrage.

Storage – Parkland's supply network has access to owned fuel storage terminals at uniquely situated geographical areas in Burnaby, Hatch Point, and Point Hardy, British Columbia and Bowden, Alberta, as well as leased terminals in Montréal, Quebec and other parts of North America.

In 2017, the sales and operating revenue was $2.57 billion with fuel volume of approximately 4.93 billion litres compared to sales and operating revenue of $1.86 billion and 4.41 billion litres in 2016. The Supply sales and operating revenue increased in 2017 mainly due to the Chevron Acquisition. In addition, the sales and operating revenue of the Supply segment showed strong increases due to higher commodity prices as well as volume increases primarily in propane, gas and diesel. Fuel volumes increased in 2017 primarily due to the Chevron Acquisition. Excluding the impact of the Chevron Acquisition, fuel volumes increased for the year ended December 31, 2017, primarily due to increases in liquid petroleum gas, gas and diesel volumes. See "Risk Factors" for a further description of risks that may impact the Supply segment.

Marketing Operations

Parkland's operations under the Supply segment includes Elbow River, a wholly-owned subsidiary and transporter, supplier and marketer of hydrocarbon products, with three business segments: (i) the LPG business, which includes the marketing, transportation and supply of propane, butane and NGLs; (ii) crude oil, asphalt, and fuel oil; and (iii) refined products, including a growing portfolio of renewable fuel and carbon-offset products. Suppliers to Elbow River are generally major oil and gas producers, marketers, and processors in Canada and the United States. Elbow River markets to major refiners, petrochemical processors, and distributors throughout North America. Elbow River pays for and takes title of the product, and arranges logistics and manages transportation and delivery, primarily by railcars and trucks. Product prices are normally determined by the spot market price or fixed differentials to industry markers and the delivery price is generally fixed at the time Elbow River takes title.

Refinery Operations

The acquisition by Parkland of the Burnaby Refinery provides Parkland with a valuable asset that has historically operated with a track record of highly reliable operations since 1935 and is ideally located to serve the British Columbia market as the largest of only two refineries in the province, and the only refinery in the Vancouver supply area. The Burnaby Refinery is well located in British Columbia, with access to cost advantaged sources of crude through the Trans Mountain Pipeline. Additionally, it is highly integrated with the retail, commercial, and wholesale businesses acquired as part of the Chevron Acquisition.

The Burnaby Refinery includes two crude units, including a 25,000 barrel per day crude unit and a 32,000 barrel per day splitter, that are designed to process Canadian light and medium crudes. Substantially all of the crude oil sourced by the Burnaby Refinery is delivered from Alberta via the Trans Mountain Pipeline and is primarily comprised of light sweet crude, along with other feedstocks such as vacuum gas oil, butane, isooctane, biofuels and naphtha. This pipeline is the most efficient and reliable source to access crude oil. The Trans Mountain Pipeline is a common carrier pipeline with a throughput capacity of 300,000 barrels per day and transports crude oil and refined petroleum products from Edmonton, Alberta to refineries and terminals in British Columbia and Washington State. Kinder Morgan will apportion line space based nomination verification procedures based on the pipelines historical deliveries to each facility connected to the pipeline at a land destination. Based on the Burnaby Refinery's historical usage Parkland will be able acquire adequate capacity on the pipeline. The Burnaby Refinery also has the optionality of sourcing crude oil or other feedstocks via vessel, rail and truck, which the refinery has taken advantage of in the recent past when economically favorable.

Refineries undergo periodic turnarounds to upgrade operating units and perform scheduled maintenance. While some minor turnaround activity may occur each year, larger-scale turnarounds typically occur every five to ten years. Chevron has been planning the Turnaround since 2016 and key Turnaround personnel that were previously Chevron employees have transitioned to Parkland with the asset. See "Risk Factors – Refinery Operations – Risks relating to scheduled and unscheduled maintenance".

Intermediation Facility

The Intermediation Facility involves an initial structured purchase and sale of substantially all of the crude oil, refined products and other hydrocarbons related to the Burnaby Refinery (collectively, "**Hydrocarbons**"), followed by continuous purchases and sales of Hydrocarbons. The Intermediation Facility has a funding limit of (i) up to US$125 million of accounts receivable balance and (ii) the cost of hydrocarbon inventory volumes up to 2,740.0 Mbbls. The Intermediation Facility is secured by Hydrocarbons and accounts receivable balances funded under the Intermediation Facility. Subject to early termination rights and other provisions, the Intermediation Facility is expected to expire December 31, 2019.

The Intermediation Facility also contains Intermediation Facility Derivatives. The Intermediation Facility Derivatives involve concurrent monthly paired forward purchase and sale transactions (collectively, the "**Paired Forward Transactions**"). Under the Paired Forward Transactions, Parkland receives payment of the relevant Hydrocarbon group purchased based on the forward price and later settles the payment received on the relevant Hydrocarbon group based on the then-current spot price. The Paired Forward Transactions are accounted for as one unit of account and as derivative financial instruments carried at fair value. Realized and unrealized gains and losses relating to these derivative financial instruments are recorded in cost of purchases. Parkland enters into these Paired Forward Transactions as part of its strategy of managing exposure to movements in commodity prices.

Corporate Segment

The Corporate Segment includes centralized administrative services and expenses, incurred to support operations, but which are not specifically allocated to Parkland's operating segments. Parkland's objective is to manage corporate expenses tightly and so that they grow at a slower pace than Parkland's adjusted gross profits.

In 2017, the corporate segment reported $64.6 million of increased expenses to $143.9 million compared to $79.3 million in 2016. Acquisition, integration and other costs are highly variable based on Parkland's acquisition and integration activities, and increased primarily as a result of closing and integration activities incurred for the CST Acquisition and Chevron Acquisition. See "Risk Factors" for a further description of factors which may impact Corporate.

Supplemental Operational Information

Capital Expenditures

During 2017, but exclusive of the CST Acquisition and the Chevron Acquisition, the Corporation made $110.0 million in capital investments, of which $74.7 million was classified as maintenance capital and $35.3 million was classified as growth capital and intangibles.

Employees

As at December 31, 2017, Parkland had approximately 4,363 active full- and part-time employees.

Health, Safety, and Environment

Parkland is committed to ensuring safe and environmentally responsible operations, protecting our employees, contractors, customers and the environment and ensuring compliance with all applicable federal, provincial and local Health, Safety, and Environmental ("**HSE**") requirements in the communities in which we operate.

Parkland strives to reduce HSE incidents in its operations, involving its workers by tracking, measuring and enhancing HSE performance and training initiatives to ensure its employees have the knowledge and skills necessary to understand HSE requirements, implement and adhere to Parkland's HSE programs and succeed in a safe working environment.

Parkland HSE collaborates with all aspects of the business to develop, maintain and improve the following 8 core HSE program, as further described below:

- HSE Risk Assessment & Mitigation
- HSE Incident Management
- Emergency Management
- Environmental Management
- Process Safety Management
- Contractor HSE Management
- Occupational Health & Hygiene
- Regulatory Compliance

Effective implementation of these programs involves the provision of foundational HSE documents and tools, sufficient HSE field support services and employee training and competence assurance, together with audits and assessments to monitor conformance and analytics and reporting to analyze, document and communicate results.

Parkland's primary HSE programs include:

HSE Risk Assessment & Mitigation Program

Parkland has implemented a unified risk matrix to quantify risk severity and frequency as a means to consistently identify, prioritize and mitigate risk. This process is utilized for HSE risks as well other forms of risk in the business. Parkland uses several risk assessment processes (job hazard analyses, formal risk assessments, etc.) to highlight and clarify HSE risks. In addition, Parkland has piloted a field level hazard assessment process which will be used by specified roles to identify job related risk prior to work commencement. Full-scale implementation of this program is planned for 2018.

HSE Incident Management Program

Parkland has a comprehensive incident management program in place to ensure all incidents are reported and that quality investigations are conducted driving to root cause. Parkland uses the following 7-step process to manage HSE incidents: 1. Reporting, 2. Classification, 3. Investigation, 4. Root cause determination, 5. Corrective actions, 6. Quality assurance, and 7. Analytics, stewardship reporting and lessons learned. These processes include defined timelines and a quality review by leadership and HSE personnel prior to incident close out.

Emergency Management Program

Parkland's Emergency Management System serves to ensure safe, timely, and effective emergency preparedness and response directive / assistance program that maintains regulatory compliance and safety, by supporting development and implementation of emergency response documentation and training.

Emergency response plans are in place at all Parkland facilities. This program involves coordination with operations to evaluate risks due to hazards and vulnerabilities, to secure emergency supplies and equipment, and to ensure scheduling and completion of drills and training exercises. Overall goals of this program are to ensure that Parkland facilities and personnel are prepared and trained to address emergency situations and maintain compliance with Certificate of Recognition ("**COR**") audit requirements.

Parkland maintains a pre-qualified list of emergency consultants and contractors for immediate and comprehensive land and water-based response and rectification in compliance with applicable regulations. Parkland continually strives to reduce risk relating to product shipment by ensuring all carriers have adequate emergency preparedness and response programs.

Environmental Management Program

Parkland conducts business in a lawful, socially and environmentally responsible manner. Parkland's Environmental Management System ("EMS") includes programs that enable Parkland to reduce environmental impacts while increasing operating and cost efficiency and satisfy regulatory obligations in a systematic manner.

Overall EMS goals include the following: improve environmental performance, enhance compliance, reduce pollution, conserve resources, increase efficiency and reduce costs, enhance employee morale and awareness of environmental issues and responsibilities, and fulfill requirements of customers, markets, the general public, regulators, lenders and investors. The EMS includes the following programs:

Regulatory Compliance – Operations are routinely reviewed to ensure compliance with industry standards and regulations. Parkland receives an annual COR for developing, maintaining, and improving upon health, safety and environmental programs that meet established standards. The COR is issued by Alberta Jobs, Skills, Training and Labour and is co-signed by authorized certifying partners.

Chemical Release Management – This program serves to track, analyze, prepare for and minimize severity associated with spill incidents. It involves spill incident investigation and severity ranking, as well as employee training. Training methods consist of onsite classroom and field exercises, tabletop mock incident exercises and online training. A regimen of ongoing facility inspection and monitoring is in place at all Parkland locations. This includes daily reconciliation of inventory balances and installation of on-site test wells at all retail stations. The overall goal of this initiative is to foster a preventative approach to spill incidents and to ensure all Parkland employees have adequate training to respond confidently to minimize impacts where possible in the event of an incident.

Property Stewardship – This program involves documentation of the formal corporate processes and procedures associated with physical condition assessment, risk ranking and reduction, management, and determination and reporting of asset retirement obligation information relating to environmental aspects of Parkland property and infrastructure. The overall goals of this program are to monitor ongoing regulatory compliance activities relating to the environmental aspects of acquisitions, and the maintenance and divestiture of Parkland properties. The program includes key performance metrics for overall network condition. Remediation programs are managed by experienced Parkland professional technical personnel and involve the retention of professional environmental consultants that satisfy Parkland's comprehensive procurement pre-qualification protocols.

Air Emissions – Parkland participates in the Natural Resources Canada Office of Energy Efficiency SmartWay® Transport Partnership and maintains an Idle Smart initiative primarily focused on reduction of airborne emissions from Parkland fleet vehicles. The initiative involves specification and communication of the requirements for managing vehicle idling, roles, and responsibilities. This program serves to facilitate overall reduction of emissions as well as fueling and maintenance operating costs related to engine idling. Emission tracking includes total volatile organic compounds and CO2-equivalents including sulfur dioxide and nitrogen dioxides.

Waste Management – The impact of the use and disposal of resources on our local and global environment is recognized and Parkland is committed to reducing this impact through the waste management program. This program is a systematic approach to understanding our waste and identifying and prioritizing viable opportunities to reduce waste outputs and resource inputs. The program strives for continuous improvement and staff engagement to support company-wide initiatives. Current initiatives include paper, container, hazardous waste, and e-waste reduction and recycling.

Water Management – Parkland recognizes the value of water as a fundamental resource and is committed to responsible water use. Water management initiatives include tracking and reporting of fresh and non-fresh water withdrawal and consumption, as well as management of oil/water separators and improvement of the processes and procedures to ensure infrastructure is satisfactorily maintained and documented accordingly to ensure compliance with related regulation.

Process Safety Management Program

Parkland is developing a fit for purpose process safety management program for our critical assets. To date this has included the development of an asset inventory as well initiation of a testing and preventative maintenance program, in partnership with a third party service provider, for tanks, process lines, valves, and other critical infrastructure. Parkland plans to continue the development of this program to include other key components of process safety.

Contractor HSE Management Program

Parkland has implemented a contractor pre-qualification process to categorize contractors based on risk and pre-screen each contractor based on set criteria including insurance, HSE, legal, and financial performance. Existing contractors are also subject to ongoing assessments and performance managed to ensure their programs remain sufficient to manage applicable risks.

Occupational Health & Hygiene Program

Parkland has a robust occupational health and hygiene program to assess and provide a healthy working environment, assist in managing employee health challenges, manage injuries and return to work programs and liaise with Provincial Workers' Compensation Board agencies.

Regulatory Compliance Program

Parkland tracks emerging legislation and has implemented several management processes and tools to ensure compliance with current legislation. All non-compliance events are treated as incidents and investigated accordingly, resulting in corrective actions to prevent reoccurrence.

Each year, Parkland develops an HSE action plan to reduce risk, improve performance, and enhance awareness of HSE in all of Parkland's operations. Some of the key objectives accomplished by Parkland HSE in 2017 include:

- development of a comprehensive 3-year HSE incident reduction plan for recordable injuries, spills, and vehicle incidents, to identify, align, and prioritize future improvement efforts;
- advancing our Incident Management program to clarify accountabilities, align timelines, and incorporate a new root cause protocol to drive investigation quality improvement and prevent reoccurrence;
- enhancing Parkland's Contractor Management program to better manage related third party risks;
- upgrading Parkland's HSE risk assessment and mitigation processes to better identify and manage hazards prior to and during work;
- improving our emergency response program and site planning processes to improve preparedness and ensure compliance;
- further development of our property stewardship program including streamlining property risk assessment and asset retirement obligation processes; and
- advancing the HSE component of our acquisition Integration program, including a staged road-map for implementation of HSE processes in new parts of the Parkland business.

Social Policies

Parkland makes significant investments in the areas of health, education, and other local community needs in the places where we live and work. As such, Parkland directly invested over $1.2 million in 2017 to community organizations across Canada. In particular, through our Pioneer brand, we contributed close to $690,000 towards local community programs and initiatives in Ontario. In addition, since acquiring Ultramar in Q2 2017, we have invested approximately $485,000 in communities in Quebec and the Atlantic provinces on behalf of the Ultramar brand. Similarly, since completing the Chevron Acquisition in Q4 2017, we have invested approximately $28,000 in community groups in British Columbia. Parkland anticipates that its community donations related to the CST Acquisition and the Chevron Acquisition will grow in 2018, as a full-year of community investment programming will be reflected by year-end 2018.

Other examples of notable donations by Parkland in 2017 include:

- Approximately $380,000 to support breast cancer research;
- $95,000 to the Canada Company's Yellow Ribbon Campaign;
- $150,000 to the Burlington Community Foundations – Joseph Brant Hospital Camp; and
- $45,000 to the Christmas Tree of Hope.

Additionally, Parkland contributed approximately $272,000 in 2017 to over 450 non-profit institutions and charitable organizations across North America through our Parkland Pledge program. The Parkland Pledge program was started in 2013 and acts as a catalyst for employees to give back to the charitable causes in the communities where our employees and customers live and work. As an employee-driven program, Parkland Pledge provides eligible employees with $250 – $500 in giving funds, based on years of service, to donate to an eligible charitable organization of their choice. Employees who volunteer with non-profit institutions or charitable organizations in the communities are rewarded with additional funds to donate back to the local communities.

Rail Risk Mitigation

Parkland has focused its attention on mitigating its exposure to various business risks in connection with its rail operations. Parkland's Enterprise Risk Management ("**ERM**") program targets strategic risk areas to determine additional prevention or mitigation plans that can be undertaken to either reduce risk or enable opportunities to be realized. The rail portion of the ERM program focuses on several areas in order to achieve these results. These areas include, but are not limited to: maintaining a suitable insurance program, classifying products and testing procedures, developing and communicating emergency response plans, monitoring regulatory developments and required fleet upgrades, contract administration and legal support. In 2017, Parkland continued to make significant progress towards formalizing product classification and documentation procedures, and Elbow River implemented a risk assessment process for evaluating new terminals and storage locations. Fleet upgrades conducted by railcar owners as required by regulatory authorities continued in 2017. In addition to the foregoing, Parkland is a plan participant with Emergency Response Assistance Canada ("**ERAC**"), a non-profit corporation created by industry stakeholders to provide emergency response for LPG and flammable liquid related incidents. Emergency response services are provided by LPG Emergency Response Corp pursuant to the ERAC plan.

Technology and Business Integration

Parkland continues to invest in technologies to support its current business and newly acquired assets from the CST Acquisition and the Chevron Acquisition. Parkland utilizes best practices in its IT operations to consistently and securely support its stakeholders and is continuously improving its methodologies to integrate people, processes, and technologies across our enterprise. Parkland has specific programs to ensure C-sox compliance and adherence to regulatory guidelines; has controls in place to ensure the privacy of customer and payment information; operates redundant data centers to ensure business continuity in case of unforeseen events; and has safeguards in place to mitigate cyber security threats.

Competitive Conditions Overview

The North American fuel marketing industry is highly competitive with significant competition in respect of each of wholesale, supply of fuel, marketing of fuel, and retail sale of fuel. Parkland competes with major national and international integrated oil companies, independent marketers, branded and unbranded independent wholesalers, independent retail stations, dealers who purchase fuel form Parkland, other commercial fuel and propane marketers, convenience store chains, independent convenience stores, large and small food retailers. Parkland also competes with these entities for the supply of refined and unrefined petroleum products, access to pipeline, other transportation capacity, and refining facilities, and access to capital markets.

Parkland also competes with several non-traditional retailers that have entered the retail fuel business in recent years, including major grocery chains, supermarkets, club stores and mass merchants. These non-traditional motor fuel retailers have obtained a material share of the motor fuel market and are significant retail competitors. Further, the petroleum industry also competes with other industries in supplying energy, fuel, and other related products to industrial, commercial, and retail consumers.

Strategy and Competitive Advantages

The Retail segment has historically focused on owning, operating and supplying retail fuel stations in rural and suburban markets and has, through organic growth and the Pioneer Energy Acquisition, the CST Acquisition, and the Chevron Acquisition, expanded to increasingly include urban markets. With the closing of the CST Acquisition and the Chevron Acquisition, the Retail segment has extended its retail network coverage in Quebec, Atlantic Canada, and British Columbia while continuing to enhance its geographic presence in other regions. The Commercial Fuels segment serves customers in a variety of industries through a branch network, a national cardlock network, and a diesel channel. Parkland's brands, reputation for value and its transportation and supply arrangements have provided a base for profitability in each of the Retail and Commercial Fuels segments.

In addition to operating the Burnaby Refinery, the Supply segment manages fuel supply by contracting and purchasing fuel from other refiners and suppliers, distributing through third-party rail and highway carriers, storing fuel in owned and leased facilities, and serving wholesale and reseller customers in North America. Elbow River, a wholly-owned subsidiary of Parkland, is a North American transporter, supplier and marketer of petroleum products, including LPG, crude oil, heavy fuel oil and a growing portfolio of refined fuel and bio-fuel products. Elbow River has differentiated itself in this space through its rail car logistics capabilities and management of a fleet of approximately 2,200 leased rail cars as at December 31, 2017. Its strategy of optimizing the seasonal arbitrage leverages a strong network of relationships to match purchase and sales contracts. Elbow River's risk adverse approach to marketing, which combines expertise and logistical capabilities to rapidly respond to emerging opportunities, has provided Parkland a competitive advantage in the marketplace.

Through Parkland USA, Parkland supplies and distributes approximately 966 million litres of gasoline and distillates annually through a set of wholesale, commercial and retail business channels that are very similar to Parkland's Canadian operations. Parkland USA's retail network includes independent gasoline stations in the northern tier of the United States, including nationally recognized branded stations such as Cenex, Conoco, Exxon, Shell, Sinclair, Mobil and Tesoro. Parkland USA also owns and operates 25 Superpumper convenience stores in four US states and rail trans-loading facilities and approximately 40,000 barrels of refined product storage in Minot, North Dakota.

The above retail, commercial, and supply strategies are underscored by a loyalty program for customers as well as a strong focus on customer service, studying customer behaviors, patterns and paying close attention to customer preferences in order to consolidate the gains derived from the competitive advantage. Our competitive advantage is also dependent on our ability to not only anticipate but react to changing consumer demands and preferences in a timely manner, while continuing to supply products that are relevant to the consumer.

Risk Factors

Current investors and prospective purchasers of Parkland's securities should consider carefully the following risk factors, as well as the other information contained in documents filed by Parkland pursuant to applicable securities laws, including our annual and quarterly management's discussion and analysis. If any event arising from these risks occurs, our business, prospects, financial condition, results of operations or cash flows, or your investment in Parkland's securities could be materially adversely affected.

An investment in Parkland's securities is subject to various risks, including those risks inherent to the industry in which we operate. If any of the events or circumstances contemplated by these risk factors occurs, our financial performance and financial condition could be materially harmed, which may adversely affect the value and trading price of Parkland's securities and its ability to pay dividends.

Security holders and prospective security holders of Parkland should carefully review and consider the risk factors set out below as well as all other information contained and incorporated by reference in this Annual Information Form before making a decision on investment and should consult their own experts where necessary.

Economic Conditions

Changes in economic conditions generally, or in the regions in which Parkland operates, could adversely affect consumer spending patterns and recreational and industrial travel in certain of the Corporation's markets. These economic conditions include recessionary economic cycles and downturns in the business cycles of the industries in which our customers conduct business, as well as downturns in the principal regional economies where Parkland's operations are located. Demand for transportation fuels is strongly connected with such economic conditions, with weakening economic conditions having an adverse effect on the Corporation's revenue, profitability and ability to pay dividends.

Parkland services a number of different industries and its business, financial condition and results of operations are directly and indirectly affected by the economic conditions which affect such sectors. In particular:

- The oil and gas exploration sector is subject to changes in commodity prices, general economic conditions, access to capital and other factors applicable to such industry which impacts the budgets of the Corporation's customers. This largely affects oilfield fluids, propane and bulk fuel sales directly as well as impacting communities in primary exploration regions in Alberta and northern British Columbia, which consequently can impact Parkland's business, financial condition and results of operations and the demand for Parkland's products by customers operating within this sector. Any decline in exploration activity in the oil production sector reduces the demand for propane and related products, which consequently can impact Parkland's business, financial condition and results of operations and the demand for Parkland's products by customers operating within this sector.
- Forestry has been a volatile industry in recent years and is susceptible to international pricing, general economic conditions, demand for the product and other factors applicable to such industry which consequently can impact Parkland's business, financial condition and results of operations and the demand for Parkland's products by customers operating within this sector.
- Mining is susceptible to variations in commodity prices, general economic conditions and other factors applicable to such industry. The Corporation's fuel customers include several mines producing different metals and their demand for fuel may decline, which consequently can impact Parkland's business, financial condition and results of operations and the demand for Parkland's products by customers operating within this sector.
- The Corporation serves the farm trade sector which is subject to weather variation, commodity price fluctuation, general economic conditions and other factors applicable to such industry which consequently can impact Parkland's business, financial condition and results of operations and the demand for Parkland's products by customers operating within this sector.

Integration

Significant Acquisitions and Related Costs

Parkland has incurred a number of costs associated with completing the CST Acquisition and Chevron Acquisition and expects to incur additional integration costs related thereto. The majority of such costs will be non-recurring expenses resulting from the acquisitions and will consist of transaction costs, facilities and systems consolidation costs and employment-related costs. Additional unanticipated costs may be incurred in the integration of the assets, operations and businesses, which may negatively impact Parkland's results of operations.

Failure to Realize the Anticipated Benefits of Recent and On-Going Acquisitions

Achieving the full benefits of any acquisition includes, but is not limited to, the timely and efficient consolidation of functions, the integration of operations, procedures and personnel and the ability to realize the anticipated growth opportunities, operating expense reductions, and synergies.

The integration of newly acquired assets is supported by the dedication of substantial management effort, time, and resources, which may divert management's focus and resources from other strategic opportunities and other operational matters. Notwithstanding Parkland's commitment to providing the labour and resources required to support the integration of newly acquired assets, there is a risk that the anticipated benefits of any given acquisition may not be fully realized as a result of Parkland's failure to fully address and mitigate the risks of the integration process including the loss of key employees and the disruption of ongoing business, supplier, customer and employee relationships.

Unknown Liabilities from Acquisitions

In pursuing acquisitions, Parkland conducts due diligence on the business or assets being acquired and seeks detailed representations and warranties respecting the business or assets being acquired. Despite such efforts, there can be no assurance that Parkland will not become subject to undisclosed liabilities or litigation as a result of acquisitions, including but not limited to, undisclosed and unknown liabilities related to the CST Acquisition and Chevron Acquisition. In addition, liabilities may exist which were not discovered during the due diligence process prior to completing the acquisition. This failure to discover potential liabilities may be due to various factors, such as failure to accurately assess all of the pre-existing liabilities of the operations acquired or vendors failing to comply with applicable laws. If this occurs, Parkland may be responsible for such liabilities which could materially and adversely affect Parkland's business, prospects, results of operations and/or financial condition.

IT Integration Risks

In addition to the IT systems and cyber security measures in place at Parkland, large-scale acquisitions require the integration of one or more different system into Parkland's overall IT systems. The integration of different IT systems is a technical process requiring the coordination of specialized employees, time and resources, often across multiple jurisdictions. Unanticipated costs, delays, and unforeseen technical issues and limitations may arise in connection with Parkland's integration of its IT systems and could disrupt the flow of information, cause loss of data records, or delay Parkland's ability to realize the anticipated benefits of an acquisition. As Parkland's IT systems become increasingly integrated, there is an increased risk that a failure in one system could affect another system in its infrastructure.

Volatility in Crude Oil Prices and in Wholesale Petroleum Pricing and Supply

Parkland's fuel and petroleum product revenue are a significant component of total revenue. Domestic wholesale petroleum, crude oil, NGLs markets currently display significant volatility. Parkland is susceptible to interruptions in supply and changes in relative market pricing of crude oil and NGLs that drive customer demand. General economic and market conditions, political conditions and instability in oil producing regions, particularly in the Middle East, Africa, and South America, and the value of the US or Canadian dollars relative to other foreign currencies, particularly those of oil producing nations, could significantly and adversely affect crude oil supplies and wholesale production costs. Volatility in fuel and petroleum product supply and costs could result in significant changes in the retail price of petroleum products and lower fuel gross margin per litre. Higher supply and product costs can also result in increased working capital and corresponding financing requirements. In addition, increases and volatility in wholesale motor fuel costs could result in an increase in the retail price of petroleum products, which could dampen consumer demand for motor fuel. These factors could materially influence Parkland's fuel and petroleum product volume and overall customer traffic which, in turn, could have a material adverse effect on the Corporation's operating results, adjusted gross profit, and overall financial condition. The development of the oil sands in northern Alberta, together with upgraders producing a distillate stream, has the potential to add significant supply volume in the diesel market over time. Production at these facilities is subject to production interruptions which can periodically disrupt the availability of refined product in the region. Parkland's Supply segment's sales and volume are driven by the opportunity to market variations in pricing of crude oil and NGLs between geographical regions and markets. Changes in pricing and relative pricing of crude oil and NGLs impact the net earnings of the Supply segment. Pipeline availability in various markets will impact the ability of Parkland's Supply segment to profitably serve customers in those markets.

Competition

Parkland competes with the major national and international integrated oil companies, independent marketers, branded and unbranded independent wholesalers, independent retail stations, other commercial fuel and propane marketers, convenience store chains, independent convenience stores, large and small food retailers and also several non-traditional retailers that have entered the retail fuel business in recent years, including major grocery chains, supermarkets, club stores and mass merchants. These non-traditional motor fuel retailers have obtained a significant share of the motor fuel market and are significant retail competitors. In some of Parkland's markets, competitors have been in existence longer and have greater financial, marketing and other resources than Parkland. Parkland may not be able to compete successfully against current and future competitors, and competitive pressures faced by Parkland could materially and adversely affect Parkland's business, prospects, results of operations and/or financial condition.

Pricing Pressure

Petroleum, crude oil and NGLs markets display significant volatility. The prices for these commodities can be influenced by global and regional supply and demand factors, which are outside of Parkland's control. Parkland is susceptible to interruptions in supply and changes in relative market pricing, including degradation of supply discounts for crude oil and NGLs that drive customer demand. Volatility in fuel and petroleum product supply and costs could result in significant changes in the retail price of petroleum products and in lower fuel gross margin per litre.

Retail pricing for motor fuels is very competitive and influenced by a fragmented market consisting of major oil companies, international convenience operators, national grocery chains, and independent fuel retailers. From time to time, factors such as intensified price competition, seasonal over supply, and lack of responsiveness of retail pricing to changes in refined product costs may lead to margin pressure in Parkland's business. These pressures are normally restricted to relatively short, seasonal time periods and isolated market areas, but could occur more extensively across Parkland's network. Parkland partially mitigates this risk through the continued development of a national network, where geographic diversification helps offset any short-term pricing pressures in any individual market.

Difficult market conditions may also adversely affect Parkland's major customers and create increased credit risk. These risks are partially mitigated by Parkland's other sources of revenue, conservative credit policies, geographic diversification and the wholesale business, which typically would only share in a portion of any market erosion. There can be no assurances that such mitigation efforts will be adequate, in whole or in part.

Refinery Operations

Risks relating to refinery operations

Parkland now owns and operates an industrial site in the form of a petroleum refinery in British Columbia. There are risks inherent to the operations and activities of any refinery units, including risks related to accidents, availability of crude oil and other feedstocks for use in the Burnaby Refinery, failure to adequately contract with third parties for offtake of products from the Burnaby Refinery or interruptions in offtake, labour and material shortages, direct and indirect risks related to legislative and regulatory requirements, and risks related to local opposition. Parkland does not have full control over the supply of power or water to the refinery and, as such, a key operational risk for the Burnaby Refinery is the availability of sufficient power and water supplies to support refinery operations. Large amounts of power and large volumes of water are used in the refining of crude oil and even a temporary interruption of power or water could adversely affect operations.

Parkland contracts on a third party basis for the supply of crude oil and other feedstocks to the Burnaby Refinery and for the offtake of refined products from the Burnaby Refinery. Adequate supply and offtake arrangements are a key operational risk for the Burnaby Refinery. An inability to conclude contracts for supply of crude oil or other feedstocks or for the offtake of any stream of refined products from the Burnaby Refinery, or any scheduled or unscheduled interruption in contracted supply or offtake, could have a material adverse effect on Parkland's business, financial condition or results of operations.

Health and Safety

The Burnaby Refinery is subject to hazards of finding, recovering, transporting and processing hydrocarbons including, but not limited to: blowouts; fires; explosions; railcar incidents, including without limitation, derailment; marine vessel incidents, including without limitation, sinking, gaseous leaks; migration of harmful substances; oil spills; corrosion; acts of vandalism and terrorism; and other accidents or hazards that may occur at or during transport to or from commercial or industrial sites. Any of these hazards can interrupt operations, impact the Corporation's reputation, cause loss of life or personal injury, result in loss of or damage to equipment, property, IT systems, related data and control systems, and cause environmental damage that may include polluting water, land or air.

In order to help mitigate these risks, Parkland retains and relies on knowledgeable, competent personnel to identify and manage such operational risks and has developed training programs and competency tracking programs. Parkland maintains written standard operating practices and formally assesses and documents competencies related to the operation of its facilities. Parkland also maintains formal inspection and maintenance programs. See "General Description of the Business – Supplemental Operational Information – Health and Safety Initiatives."

Risks relating to scheduled and unscheduled maintenance

The Burnaby Refinery consists of several processing units, each of which is to undergo scheduled maintenance events every five to ten years. One or more of the units may require additional unscheduled downtime for unanticipated maintenance or repairs. Scheduled and unscheduled maintenance reduces Parkland's revenues and increases its operating expenses during the period of time that the processing units are not operating and, among other things, could reduce Parkland's ability to make distributions or payments of debt obligations. Furthermore, material unanticipated costs and delays may be incurred in scheduled and unscheduled maintenance which may negatively impact Parkland's results of operations.

The Burnaby Refinery is scheduled to undergo the Turnaround in the first quarter of 2018 where all the processing units are expected to be offline for approximately **eight** weeks. If unsuccessful or delayed, the Turnaround could have a material adverse effect on Parkland's business, financial condition or results of operations.

Environmental risks relating to refinery operations

Commodity storage, refining and transportation activities involve numerous risks that may result in environmental damage or otherwise adversely affect the operations of the Business. Environmental risks inherent in the storage, refining and transportation of crude oil and other petroleum products include, but are not limited to, accidental spills or releases of crude oil, liquid petroleum products, chemicals or other hazardous substances. The occurrence or continuance of such risks could result in significant environmental pollution; damage to local property, wildlife populations and natural resources; impairment or suspension of operations at the Burnaby Refinery; curtailment of offshore shipping activity; modifications to or revocation of existing regulatory approvals; fines; and serious reputational damage to Parkland, any of which could materially and adversely affect Parkland's business, prospects, results of operations and/or financial condition. The consequences of an accidental spill or release at or near any marine terminal used in connection with the Burnaby Refinery's operations could be even more significant, given the complexities of addressing releases occurring in marine environments and/or along populated coastlines. Although Parkland does not own or operate the vessels used to transport crude oil, liquid petroleum products, chemicals or other hazardous substances to and from such marine terminals, releases or other incidents involving such vessels could result in significant disruptions to offshore shipping activities and impede Parkland's ability to operate in any affected areas.

Refinery operations are subject to environmental regulation under federal and provincial legislation, regulations and initiatives, including ones designed to reduce greenhouse gas emissions, which may increase costs and adversely affect Parkland's ability to operate the Burnaby Refinery. See "Risk Factors – Climate Change Regulation".

Commodity pricing risks

Refining gross margins are primarily driven by commodity prices and are a function of the difference between the costs of raw materials (primarily crude oil) and market prices for the marketing of finished products (such as gasoline, diesel, jet fuel, lubricants, fuel oil, fuel and lubricant additives). Prices for commodities are determined by global and regional marketplaces and are influenced by many factors including supply/demand balances, inventory levels, industry refinery operations, import/export balances, currency fluctuations, seasonal demand, political climate, disruptions at the refinery resulting from unplanned outages due to severe weather, fires or other operational events, and plant capacity utilization.

Parkland utilizes derivative financial and physical instruments related to the future price of crude oil and fuel products and their relationship with each other, with the intent of reducing volatility in our cash flows due to fluctuations in commodity prices and spreads. Parkland obtains such hedging through its Intermediation Facility and using other hedging instruments. Such hedging activities may not be effective in reducing the volatility of our cash flows and may reduce our earnings, profitability and cash flows. Furthermore, Parkland may not be able to enter into derivative financial or physical instruments to reduce the volatility of the prices of special products it sells if there is no established derivative market for such products. In addition, Parkland's hedging activities are subject to the risks that a counterparty may not perform its obligations under the applicable derivative instrument, or if the terms of the derivative instruments are imperfect.

Human resource risks relating to refinery operations

The Burnaby Refinery competes with companies to attract and retain key executives and other employees and third-party contractors with appropriate technical skills and managerial experience necessary to continue operating the Burnaby Refinery. The hiring and retention of staff may be challenging if the employment market is strong and there is intense competition for skilled employees and contractors. There can be no assurance that Parkland will be able to attract and retain skilled and experienced employees and, should Parkland lose any of its key personnel or fail to attract qualified personnel for the refinery, its business may be harmed and its results of operations and its financial condition could be adversely affected. In addition, future federal or provincial labour legislation could result in labour shortages and higher costs, especially during critical maintenance periods.

A significant number of the employees at the Burnaby Refinery are represented by a labour union (Unifor and Teamsters). The collective bargaining agreement for the unionized employees at the Burnaby Refinery expires on January 31, 2019. At the expiry of the term, there is no assurance an agreement will be reached without a strike, work stoppage, or other labour action. Any prolonged strike, work stoppage, or other labour action will have an adverse effect on our financial condition or results of operations.

Contractor risks relating to refinery operations

The Burnaby Refinery relies on contractors to conduct some activities on-site (primarily maintenance) and is exposed to risks related to their activities. As a result, the Burnaby Refinery is subject to a number of risks, some of which are outside Parkland's full control, including:

- negotiating agreements with contractors on acceptable terms;
- reduced control over those activities that are the responsibility of contractors;
- failure of contractors to perform the requirements and obligations under their agreements, including failure to comply with safety systems and standards as well as applicable legal and regulatory requirements; and
- failure of contractors in connection with management of their workforce, labour unrest or other employment issues.

In addition, Parkland may incur liability to third parties as a result of the actions of its contractors. The occurrence of one or more of these risks could adversely affect Parkland's results of operations and financial position.

Refinery supply risks

Substantially all of the crude oil sourced by the Burnaby Refinery is delivered from Alberta via the Trans Mountain Pipeline. Kinder Morgan Canada's proposed expansion of the Trans Mountain Pipeline was approved by the National Energy Board, or "**NEB**", in May 2016, and by the Canadian federal government in November 2016. However, the future of the project is currently uncertain. In

September 2017, Canada's Federal Court of Appeal found that the government failed in its duty to protect Aboriginal interests and ordered the government to renegotiate the terms under which the proposed pipeline will cross a First Nations reserve. Several other court challenges have been brought by First Nations, environmental groups and local municipalities. British Columbia's provincial government has also indicated its intention to. "employ every tool available" to block the expansion, and argued in favour of overturning the approval of the expansion as an intervener in a current judicial review proceeding before the Federal Court of Appeal. The British Columbia provincial government has also applied for leave to appeal a December 7, 2017, ruling by the NEB, allowing Kinder Morgan to bypass specific City of Burnaby bylaws related to construction work at the Burnaby Terminal and the Westridge Marine Terminal. Various court and NEB decisions on these issues are expected in 2018. As of March 2018, the NEB was hearing arguments on the proposed route of the pipeline expansion. Part of the route has been approved through this process.

In addition, on January 30, 2018, the British Columbia Minister of Environment and Climate Change Strategy announced proposed regulatory measures that would limit increases of diluted bitumen being transported through the province while an advisory panel studies if and how heavy oil can be transported safely. Such regulations are believed to be aimed at blocking the Trans Mountain Pipeline expansion. Alberta's provincial government has suggested that such measures are unconstitutional. The government of British Columbia has since agreed to refer to the courts, the constitutional question of whether it may enact laws restricting transport of bitumen through the province. In response to the actions of the British Columbia provincial government, the Alberta provincial government recently suggested it is considering legislation that would allow it to limit the export of oil and gas from the province, including to British Columbia. If implemented, such restrictions could have a direct and adverse impact on supply of crude oil to the Burnaby Refinery. The Canadian federal government, which approved the expansion, has publicly reiterated it is committed to getting the expansion built; however, it has not yet stated its detailed response to the positions taken by the government of British Columbia.

Insufficient pipeline transportation capacity could materially and adversely affect Parkland's business, prospects, results of operations and/or financial condition.

Intermediation Facility

The Intermediation Facility limits, among other things, the ability of Parkland and certain of its subsidiaries to:

- incur or guarantee additional debt or other obligations, issue certain equity securities or enter into sale and leaseback transactions other than in limited circumstances;
- pay dividends on shares or repurchase shares, redeem subordinated debt or make other restricted payments;
- in certain circumstances, hold cash in excess of set amounts;
- issue equity securities of subsidiaries;
- grant certain guarantees or other forms of financial assistance;
- change the nature of their business or operations in any material respect;
- make certain investments or acquisitions over a certain limit;
- create liens on their assets;
- change their fiscal year;
- enter into transactions with affiliates;
- liquidate, dissolve or wind up;
- consolidate, merge or transfer all or substantially all of their assets; and
- transfer or sell assets, including shares of subsidiaries.

The Intermediation Facility also requires Parkland to maintain specified financial ratios and satisfy specified financial tests. Parkland's ability to meet these financial ratios and tests can be affected by events beyond Parkland's control, and Parkland may be unable to meet those tests. As a result of these covenants, Parkland's ability to respond to changes in business and economic conditions and to obtain additional financing, if needed, may be significantly restricted, and the Corporation may be prevented from engaging in transactions that might otherwise be considered beneficial to Parkland. The breach of any of these covenants could result in an event of default under the Intermediation Facility and an event of default under the Intermediation Facility could result in an event of default under the Credit Agreement, the Senior Note Indentures or any future credit agreements.

A failure to comply with the obligations in the Intermediation Facility, including financial ratios and specified financial tests, could result in a default which, if not cured or waived, would permit acceleration of the repayment of the outstanding amounts thereunder and the Intermediation Facility counterparty could elect to declare all amounts outstanding under the Intermediation Facility to be immediately due and payable and terminate all commitments to extend further credit.

If the counterparty to the Intermediation Facility were to accelerate the repayment of amounts outstanding thereunder, Parkland may not have sufficient assets to repay such balances as well as balances owing on the Credit Facility and its unsecured indebtedness, including the Senior Notes, as the acceleration of amounts outstanding under the Intermediation Facility may permit acceleration of indebtedness under Parkland's debt agreements that contain cross-default or cross-acceleration provisions. If the payment by Parkland of amounts outstanding under the Intermediation Facility is accelerated and Parkland was not able to repay such amounts or borrow sufficient funds to refinance it, the counterparty to the Intermediation Facility could proceed to realize upon the collateral granted to them to secure amounts outstanding which could have a material adverse effect on Parkland's business and financial results. Even if Parkland is able to obtain new financing, it may not be on commercially reasonable terms or on terms that are acceptable to Parkland and/or may impose financial restrictions and other covenants on it that may be more restrictive than Intermediation Facility. Additionally, if amounts outstanding under the Intermediation Facility were to be accelerated, or if we were not able to borrow under the Credit Agreement, we could become insolvent or be forced into bankruptcy or insolvency proceedings or receivership. Notwithstanding an event of default, there is also no assurance that Parkland will be able to refinance the Intermediation Facility on acceptable terms, or on any basis.

Debt Matters

Increased Leverage

Parkland has incurred additional borrowing in connection with the CST Acquisition and Chevron Acquisition. Such borrowings represent a material increase in Parkland's consolidated indebtedness. Such additional indebtedness has increased Parkland's interest expense and debt service obligations and may have a negative effect on Parkland's results of operations.

Parkland's increased leverage could have other important consequences including the following:

- it may limit Parkland's ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes;
- it may limit Parkland's ability to declare dividends on its common shares;
- certain of Parkland's borrowings are at variable rates of interest and expose Parkland to the risk of increased interest rates;
- it may limit Parkland's ability to adjust to changing market conditions and place Parkland at a competitive disadvantage compared to its competitors that have less debt;
- Parkland may be vulnerable in a downturn in general economic conditions; and
- Parkland may be unable to make capital expenditures that are important to its growth and strategies.

Debt Service

Parkland will require sufficient cash flow in the future in order to service and repay its indebtedness. Parkland's ability to generate sufficient cash flow to meet these obligations depends on Parkland's financial condition which is, to a certain extent, subject to global economic, financial, competitive and other factors that may be beyond its control. If Parkland is unable to obtain future borrowings or generate cash flow from operations in an amount sufficient to service and repay its indebtedness, Parkland will need to refinance or be in default under the agreements governing its indebtedness and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets. Such refinancing or alternative measures may not be available on favourable terms or at all. In particular, due to the conditions in the oil and gas and/or global economic volatility, Parkland may from time to time have restricted access to capital and increased borrowing costs. The inability to service, repay and/or refinance its indebtedness could have a material adverse effect on Parkland's business, financial condition, results of operations and cash flows.

Furthermore, amounts paid in respect of interest on long-term debt will reduce Parkland's net income. Variations in interest rates and scheduled principal repayments could result in significant changes in the amount required to be applied to debt service. Parkland is exposed to fluctuations in short-term Canadian interest rates as a result of the use of a floating debt rate under its Credit Agreement. Although management believes the credit facilities available under the Credit Agreement will be sufficient to meet Parkland's immediate requirements, there can be no assurance that the amount will be adequate to satisfy future financial obligations or that additional funds will be able to be obtained.

Debt Agreements

The Credit Agreement and the Senior Note Indentures limit, among other things, Parkland's, and certain of its subsidiaries', ability to:

- incur or guarantee additional debt or other obligations, issue certain equity securities or enter into sale and leaseback transactions other than in limited circumstances;
- pay dividends on shares or repurchase shares, redeem subordinated debt or make other restricted payments;
- in certain circumstances, hold cash in excess of set amounts;
- issue equity securities of subsidiaries;
- grant certain guarantees or other forms of financial assistance;
- change the nature of their business or operations in any material respect;
- make certain investments or acquisitions over a certain limit;
- create liens on their assets;
- change their fiscal year;
- enter into transactions with affiliates;
- liquidate, dissolve or wind up;
- consolidate, merge or transfer all or substantially all of their assets; and
- transfer or sell assets, including shares of subsidiaries.

The Credit Agreement and Senior Note Indentures also require Parkland to maintain specified financial ratios and satisfy specified financial tests. Parkland's ability to meet these financial ratios and tests can be affected by events beyond Parkland's control, and Parkland may be unable to meet those tests. As a result of these covenants, Parkland's ability to respond to changes in business and economic conditions and to obtain additional financing, if needed, may be significantly restricted, and the Corporation may be prevented from engaging in transactions that might otherwise be considered beneficial to Parkland. The breach of any of these covenants could result in an event of default under the Credit Agreement, the Senior Note Indentures or any future credit agreements.

A failure to comply with the obligations in the Credit Facilities, including financial ratios and specified financial tests, could result in a default which, if not cured or waived, would permit acceleration of the repayment of the relevant indebtedness as the lenders could elect to declare all amounts outstanding under the Credit Facility to be immediately due and payable and terminate all commitments to extend further credit. Similarly, upon the occurrence of an event of default under the Senior Note Indentures, the outstanding principal and accrued interest on the Senior Notes may become immediately due and payable. If the lenders were to accelerate the repayment of borrowings, Parkland may not have sufficient assets to repay balances owing on the Credit Facility as well as its unsecured indebtedness, including the Senior Notes, as the acceleration of Parkland's indebtedness under one agreement may permit acceleration of indebtedness under other agreements that contain cross-default or cross-acceleration provisions. If Parkland's indebtedness is accelerated and it was not able to repay its indebtedness or borrow sufficient funds to refinance it, the lenders under the

Credit Facility could proceed to realize upon the collateral granted to them to secure that indebtedness which could have a material adverse effect on Parkland's business and financial results. Even if Parkland is able to obtain new financing, it may not be on commercially reasonable terms or on terms that are acceptable to Parkland and/or may impose financial restrictions and other covenants on it that may be more restrictive than the Credit Facility or Senior Note Indentures. Additionally, if amounts outstanding under such credit agreements and the Senior Note Indentures were to be accelerated, or if we were not able to borrow under the Credit Agreement, we could become insolvent or be forced into bankruptcy or insolvency proceedings or receivership. Notwithstanding an event of default, there is also no assurance that Parkland will be able to refinance any or all of the Credit Facilities and Senior Notes at their maturity dates on acceptable terms, or on any basis.

Credit Markets

Future uncertainty in the global economy and in local markets, including a deterioration of global economic conditions, a lack of market liquidity, and increased volatility in the credit markets may increase costs associated with debt instruments due to the increased spreads over relevant interest rate benchmarks and affect Parkland's ability, or the ability of third parties it seeks to do business with, to access those markets. In addition, should there be volatility or uncertainty in the capital markets in the future, access to financing may be uncertain, or more costly to access, which may have an adverse effect on the industry in which Parkland operates and its business operations, including future operating results. Parkland may be unable to maintain a level of cash flows from operating activities sufficient to permit Parkland to pay the principal, premium, if any, and interest on its indebtedness.

Health, Safety & Environment

Parkland is subject to hazards and risks inherent in its operations and the industries that we service. Such risks include, but are not limited to, equipment failures, vehicle accidents, human error, accidental release of harmful substances including through transportation of petroleum products by road, rail, barge or other marine vessels, and pipeline, and proximity to marine environments, explosions, toxic emissions releases, fires and natural disasters. These risks expose Parkland to potential liability for personal injury, loss of life or debilitating injury, business interruption, property damage or destruction and pollution and other environmental damages under applicable federal, provincial, territorial, state and municipal safety and environmental laws and regulations.

Parkland has a HSE management system in place, which establishes safety leadership, employee awareness and training, hazard recognition and mitigation and various controls, systems processes and tools to mitigate these risks and to be prepared to respond and remediate in the event Parkland experiences any such occurrences. Parkland has also obtained insurance in accordance with industry practice in an effort to address and mitigate such risks and also have operational and emergency response procedures, and safety and environmental programs in place to reduce potential loss exposure. Although Parkland has a comprehensive insurance program in effect, there can be no assurance that the potential liabilities will not exceed the applicable coverage limits under its insurance policies. Consistent with industry practice, not all hazards and risks are covered by insurance and no assurance can be given that insurance will be consistently available or will be consistently available on an economically feasible basis. Parkland maintains insurance coverage for most environmental risk areas, excluding underground tanks at service stations. Although not insured, these risks are managed through ongoing monitoring, inventory reconciliations and tank replacement programs. Liability for uninsured risks could significantly increase expenses and the occurrence of a significant event for which Parkland is not fully insured could materially and adversely affect Parkland's business, prospects, results of operations and/or financial condition.

Environmental Laws

Parkland's business and properties are subject to extensive local, provincial, territorial, state and federal laws including, but not limited to, those relating to emissions to the air, discharges into water, releases of hazardous and toxic substances and remediation of contaminated sites ("**Applicable Environmental Laws**"). Applicable Environmental Laws require that Parkland's operations, and certain properties associated with Parkland's retail and storage operations, be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such Applicable Environmental Laws may require significant expenditures by Parkland, including capital costs to maintain and upgrade equipment and facilities and expenditures to ensure compliance with new Applicable Environmental Laws. Failure to comply with such Applicable Environmental Laws to which our operations are subject may result in penalties and costs that could adversely affect our business and our operating results. Any changes in the Applicable Environmental Laws that are adverse to us and our properties could affect our operating and financial performance. In addition, new regulations are proposed from time to time which, if adopted, could have a material adverse effect on our operating results and financial condition.

Climate Change Regulation

Parkland may be adversely affected by federal and provincial legislation, regulations, and initiatives designed to reduce greenhouse gas emissions, which may increase costs and adversely affect Parkland's ability to operate the Burnaby Refinery. There are international agreements (e.g. the Paris Climate Agreement and the Kyoto Protocol), national agreements and federal legislation (e.g. carbon tax, cap-and-trade or efficiency standards) and provincial legislation (e.g. British Columbia's Greenhouse Gas Industrial Reporting and Control Act) that aim to limit or reduce greenhouse gas emissions and are currently in various states of implementation.

These developments, which affect the operation of the Burnaby Refinery and Parkland's range of products, will increase the price per litre of petroleum products and potentially reduce consumption, as well as increase the costs of supply and impose reporting and other regulatory obligations on Parkland. Relating to the Burnaby Refinery, the cost of compliance with British Columbia's $30 per tonne carbon tax and the *Renewable and Low Carbon Fuel Requirements Regulation* may become material. On September 11, 2017, the Government of British Columbia announced that, effective April 1, 2018, the province's carbon tax rates would increase at a rate of $5 per tonne of carbon dioxide equivalent emissions (CO2e) annually, until such rates are equal to $50 per tonne of CO2e on April 1, 2021. British Columbia also intends to legislate an interim greenhouse gas emission reduction target of 40% below 2007 emissions levels by 2030, and remains committed to achieving the legislated greenhouse gas emission reduction target of 80% below 2007 emissions levels by 2050 and taking measures to expand the carbon tax to fugitive emissions and slash-pile burning. The Government of British Columbia is currently reviewing the province's carbon pollution reduction policies with the assistance of the Climate Solutions and Clean Growth Advisory Council, a newly formed advisory council announced on October 23, 2017.

At the federal level, in 2016 the Government of Canada announced a national carbon pricing regime (the "**Carbon Strategy**") intended to support the objectives of the Paris Agreement on Climate Change signed by Canada and over 160 other countries in 2015. Under the Carbon Strategy, all provinces will be required to adopt a carbon pricing scheme that includes, at a minimum, a price on carbon emissions of $10 per tonne in 2018, increasing by $10 per tonne each year to $50 per tonne by 2022. On December 9, 2016, all of the provinces and territories, except for Saskatchewan and Manitoba, signed the pan-Canadian framework to implement the Carbon Strategy, and further legislation is expected from the provinces in order to comply with the Carbon Strategy's requirements. The Canadian federal government has indicated that it plans to release draft legislation for the federal backstop for carbon pricing in early 2018. Any provinces or territories planning to use this regime will need to implement it by the fall of 2018. Otherwise, they will have until September 2018 to provide their own carbon-pricing system. For those provinces, including Alberta and British Columbia, which have already established a carbon tax and/or a cap and trade regime, the national price of carbon will likely have little additional impact in the short term. None of the provinces have yet announced how they intend to comply with the long-term carbon pricing requirements.

The ultimate effect of climate change legislation, regulations, and initiatives on the operation of the Burnaby Refinery, and the Business more generally, and the timing of these effects, will depend on a number of factors. Such factors include, among others, the greenhouse gas emission reductions required for industrial sectors, emissions allowances available, the extent to which Parkland would be entitled to receive emission allowance allocations or would need to purchase compliance instruments on the open market or through auctions, the price and availability of emission allowances and credits, and the extent to which Parkland is able to recover the costs incurred through the pricing of Parkland's products in the competitive marketplace. Additionally, government efforts to steer the public toward non-petroleum-based fuel dependent modes of transportation may foster a negative perception toward motor fuel or increase costs for our product, thus affecting the public's attitude toward petroleum-based fuel and affect our ability to market and sell such product. Any changes to climate change laws, regulations, and initiatives could materially and adversely affect Parkland's business, prospects, results of operations and/or financial condition.

Low Carbon Fuel Standards

Existing and proposed environmental legislation developed by certain US states, Canadian provinces, and the Canadian federal government, regulating carbon fuel standards could result in increased costs and reduced revenue. The potential regulation may negatively affect the marketing of Parkland's refined products, and may require us to purchase emissions credits to allow us to sell in such jurisdictions. The cost of such credits may not be able to be passed along to consumers.

On December 13, 2017, Environment and Climate Change Canada published a regulatory framework on its proposed clean fuel standard regulation to be adopted under the *Canadian Environmental Protection Act, 1999*. The clean fuel standard regulation will establish lifecycle carbon intensity requirements separately for liquid, gaseous and solid fuels that are used in transportation, industry and buildings. The stated purpose of the clean fuel standard is to encourage the use of a broad range of low carbon fuels, energy sources and technologies. The clean fuel standard will apply to liquid, gaseous and solid fuels combusted for the purpose of creating energy, including "self-produced and used" fuels (i.e., those fuels that are used by producers or importers). The Canadian federal government is expected to release a draft of the clean fuel standard regulation in 2018. The clean fuel standard regulation has the potential to affect our business, financial condition, results of operations and cash flows, though at this time it is difficult to predict or quantify any such impacts.

The Renewable Fuels Regulations under the Canadian Environmental Protection Act, 1999 (the "**RFR**") is a federal regulation that seeks to reduce greenhouse gas emissions by mandating at least 5% renewable fuel content based on gasoline volume produced or imported into Canada, and at least 2% renewal fuel content based on diesel fuel and heating distillate oil volume produced or imported into Canada. The RFR may affect producers or importers of gasoline, diesel fuel or heating distillate oil; producers or importers of renewable fuel; persons who elect under section 11 of the RFR to create compliance units as participants in the trading system; and persons who sell for export renewable fuel or liquid petroleum fuel that contains renewable fuel. The precise nature of any such requirements depends upon the nature of the activities in consideration.

Aboriginal Rights Claims

Aboriginal groups have claimed aboriginal treaty, title and rights to broad portions of Western Canada, including virtually all of British Columbia. Such claims may affect many businesses operating in Western Canada, including Parkland, as the claims are litigated or settled with the federal and provincial governments through negotiation.

While the claims are outstanding, the federal and provincial governments have a duty to consult with Aboriginal people on actions and decisions that may affect the asserted Aboriginal or treaty rights and, in certain cases, accommodate their concerns. The government's duty to consult may be triggered if Parkland applies to obtain or renew significant permits, leases, licenses and other approvals for its operations in areas that are subject to outstanding Aboriginal rights claims. The fulfilment of the duty to consult associated with a permit application can add time, effort and risk to the review and its outcome.

Opposition by Aboriginal groups to industrial development or activity may also negatively affect Parkland operations.

In May 2016, Canada announced its support for the United Nations Declaration on the Rights of Indigenous Peoples ("**UNDRIP**"). The principles and objectives of UNDRIP have also been endorsed by the Government of Alberta and the Government of British Columbia. The means of implementation of UNDRIP by government bodies are uncertain and may include an increase in consultation obligations and processes associated with project development, posing risks and creating uncertainty for regulatory approval timelines and requirements.

Competition Law Compliance

Parkland is increasingly subject to scrutiny from government authorities as a result of ongoing high profile acquisitions and its growing size. As Parkland grows and acquires businesses, it becomes increasingly challenging and complex to monitor compliance with the Competition Act. This includes monitoring the dissemination of competitively sensitive information and managing channel conflict within Parkland. Furthermore, failure to comply with the Competition Act could result in the imposition of significant fines or penalties, require Parkland to divest certain Parkland assets, or result in Parkland being subject to other remedies, such as margin controls in certain markets. Such remedies could have a material adverse effect on our operating results and financial condition.

Under the Competition Act, the Commissioner of Competition (the "Commissioner") may review any "merger" (as defined in the Competition Act), which includes acquisitions of fuel distribution businesses and of retail gas stations, to assess whether such merger would likely result in a substantial lessening or prevention of competition in any market. In the event the Commissioner believes that such merger would likely result in a substantial lessening or prevention of competition in any market, the Commissioner may apply to the Competition Tribunal for a remedial order, including prohibiting completion of the merger or ordering a divestiture of all or part of the business acquired.

Acquisition Strategy

Parkland's growth strategy will continue to depend, in part, on acquiring other fuel distributors or complementary businesses which it may be unable to do profitably or at all. The success of this acquisition strategy will depend, in part, on Parkland's ability to:

- identify suitable businesses;
- negotiate the purchase of those businesses (or investment in the businesses) on acceptable terms;
- complete the transactions within the expected time frame;
- fund the transaction;
- obtain necessary regulatory, other approvals or required consents of third parties within the expected time frame;
- improve the results of operations of the businesses that it buys and successfully integrate the operations, financial reporting and personnel of acquired business with Parkland;
- achieve the anticipated synergies in the acquired business or strategic investments;
- retain key employees, customers or suppliers of the acquires business; and
- effectively address any regulatory requirements in connection with such acquisitions.

Parkland may fail to properly complete any or all of these steps and may also experience other impediments to its strategy. Parkland may not be able to find appropriate acquisition targets or, if appropriate targets are found, Parkland may not be able to close such transactions or integrate the acquired businesses effectively or profitably.

Other companies may also be seeking to acquire similar businesses, including companies that may have greater financial resources than Parkland. Increased competition may reduce the number of successful acquisitions and/or may lead to unfavourable terms on acquisitions that are successful, including higher purchase prices. If acquisition targets are unavailable or too costly, Parkland may need to change its business strategy as it relates to acquisitions.

If Parkland is unsuccessful in implementing its acquisition strategy for the reasons discussed above or otherwise, its financial condition and results of operations could be materially adversely affected. Even if Parkland is able to make acquisitions on advantageous terms and is able to integrate them successfully into its operations and organization, some acquisitions may not fulfill Parkland's strategy in a given market due to factors that Parkland cannot control, such as market position or customer base. As a result, potential benefits or synergies associated with any acquisition could be negatively impacted.

IT Continuity

At the operational level, Parkland relies on electronic systems for recording of sales and accumulation of financial data and analytical information. A major failure of computer systems would disrupt the flow of information and could cause loss of data records or corruption of data, which could impact the accuracy of financial reporting and management information and Parkland's ability to operate its business. These systems are vulnerable to, among other things, damage and interruption from power loss or natural disasters, computer system and network failures, loss of telecommunications services, physical and electronic loss of data, security breaches and computer viruses, which could result in a loss of sensitive business information, systems interruption or the disruption of Parkland's business operations. This is mitigated by system redundancies, emergency response plans and back-up procedures. However, there can be no certainty that such mitigation efforts will be successful in all circumstances.

Technological Developments

New technologies that increase fuel efficiency, reduce consumption, offer alternative vehicle power sources or accelerate autonomous adoption will reduce consumption and demand of the petroleum-based motor fuels. Parkland's success depends on its ability to anticipate and respond in a timely manner to changing consumer demands and preferences while continuing to sell products and services that remain relevant to the consumer and thus will positively impact overall gross profit. These technological developments could potentially have a material adverse effect on the Corporation's business, financial condition and results of operations if the Corporation does not adapt to changing consumer demands.

Credit

Credit risk is the risk that Parkland's counterparties will not meet its obligations under a financial or physical instrument or customer contract, leading to a financial loss. However, difficult market conditions for commercial fuel services may adversely affect Parkland's major customers and create increased credit risk. While credit risk is minimized by Parkland's broad customer and geographic base, a substantial portion of Parkland's trade accounts receivable and long-term receivables are with customers in the oil and gas, mining and forestry industries, which are subject to normal industry credit risks. The maximum exposure of credit risk of the accounts receivable account is its carrying value.

Parkland manages its exposure to credit risk to customers through a variety of means, including, but not limited to: i) rigorous credit granting procedures, which include reviewing each new customer's credit history before extending credit and imposing short payment terms or taking security interests where applicable; ii) ongoing credit evaluations of its customers, which includes reviewing financial conditions and credit performance of its customers and the industries in which they operate; iii) ongoing monitoring of outstanding amounts, which includes making a provision when an amount is deemed uncollectible; and iv) usage of standby and commercial letters of credit for certain customers, where applicable.

Changes in Credit or Debit Card Expenses

A significant portion of Parkland's sales involve payment using credit or debit cards. Parkland is assessed fees as a percentage of individual transaction amounts and not as a fixed dollar amount or percentage of Parkland's gross profits. Higher motor fuel prices result in higher credit and debit card expenses, and an increase in credit or debit card use or an increase in fees would have a similar effect. Therefore, credit and debit card fees charged on motor fuel purchases are in aggregate, greater as a result of higher motor fuel prices. Such fees may result in even lower gross profits. Lower gross profits on motor fuel sales caused by higher fees will decrease our overall gross profit and could have a material adverse effect on Parkland's business, financial conditions and results of operations.

Supply Disruption

Parkland's business depends to a large extent on a small number of crude oil and other Burnaby Refinery feedstock suppliers, and refined fuel suppliers, a number of which are parties to long-term supply agreements with Parkland. An interruption or reduction in the supply of crude oil or petroleum products and services by such suppliers could adversely affect Parkland's financial condition. Furthermore, if any of the supply agreements are terminated or end in accordance with their terms, Parkland may experience disruptions in its ability to supply customers with products until a new source of supply can be secured. Such a disruption may have a material negative impact on Parkland's financial condition and its reputation. Additionally, Parkland cannot ensure that it will be able to renegotiate such agreements or negotiate new agreements on terms favourable to Parkland. Parkland strives to mitigate this risk by maintaining a diverse supply portfolio to include substantial volume from each of its major suppliers and growing to a level of annual sales volume that will offer potential suppliers a compelling share of the fuel supply business in the markets Parkland serves. However, there can be no certainty that such mitigation efforts will be adequate, in whole or in part.

Weather and Seasonality

The Corporation's sales volume and profitability are subject to weather influences, particularly winter temperatures. The Corporation's sales volumes and profitability can see increased volatility due to abnormal weather patterns. The Corporation's heating oil and propane sales are greatest in the winter months but can decline if winter temperatures are warmer year over year. The Corporation has propane and heating oil operations in Atlantic Canada, Ontario, Quebec, Alberta, British Columbia and the Yukon Territory which all experience different weather patterns which can mitigate the impacts of regional winter temperature differences.

Furthermore, oil prices, wholesale motor fuel costs, motor fuel sales volumes, motor fuel gross profits and merchandise sales can be subject to seasonal fluctuations. For example, consumer demand for motor fuel typically increases during the summer driving season and typically falls during the winter months. Travel, recreation and construction are typically higher in these months in the geographic areas in which Parkland operates, increasing the demand for motor fuel and merchandise that Parkland sells. Therefore, the Corporation's motor fuel volumes are typically higher in the second and third quarters of our fiscal year. A significant change in any of these factors, including a significant decrease in consumer demand (other than typical seasonal variations), could materially affect Parkland's motor fuel volumes and merchandise sales, motor fuel gross profit and overall customer traffic, which in turn could have a material adverse effect on Parkland's business, financial condition, results of operations and cash flows.

Dependence on Key Personnel

The Corporation's success is substantially dependent on the ability, expertise, judgment, discretion, integrity and continued service of senior management. The loss of the services of one or more members of senior management could adversely affect the Corporation's operating results. In addition, the Corporation's continued growth depends on the ability of the Corporation to attract and retain skilled operating managers and employees and the ability of its key personnel to manage the Corporation's growth and to consolidate and integrate its operations. There can be no assurance that the Corporation will be successful in attracting and retaining such managers, employees and other personnel.

Effective Internal Controls

Effective internal controls are necessary for the Corporation to provide reliable financial reports, manage the Corporation's risk exposure and to help prevent fraud. Although the Corporation undertakes a number of procedures in order to help ensure the reliability of its financial reports, including those imposed on it under Canadian securities laws, the Corporation cannot be certain that such measures will ensure that the Corporation will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could impact the Corporation's results of operations or cause it to fail to meet its reporting obligations. If the Corporation or its independent auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Corporation's financial statements and reduce the trading price of the Common Shares.

IT Cyber Security

In the normal course of our business, we obtain large amounts of personal data, including credit and debit card information from our customers. While we have invested significant amounts in the protection of our IT systems and maintain what we believe are adequate security controls over individually identifiable customer, employee and vendor data provided to us, a breakdown or a breach in our systems that results in the unauthorized release of individually identifiable customer or other sensitive data could nonetheless occur. Cyber-attacks are rapidly evolving and becoming increasingly sophisticated. A successful cyber-attack resulting in the loss of sensitive customer, employee or vendor data could adversely affect our reputation, results of operations, financial condition and liquidity, and could result in litigation against us or the imposition of penalties. Moreover, a security breach could require that we expend significant additional resources to upgrade further the security measures that we employ to guard against cyber-attacks.

Risk of Pending and Future Legal Proceedings

Alleged failure by Parkland to comply with laws and regulations may lead to the imposition of fines, penalties, or the denial, revocation or delay of the renewal of permits and licenses by governmental authorities. In addition, governmental authorities as well as third parties may claim that Parkland is liable for loss or damage, such as environmental damage. Also, Parkland may be the subject of litigation by customers, suppliers and other third parties. A significant judgment against Parkland, the loss of a significant permit or other approval, the imposition of a significant fine or penalty, or other unfavourable results, may, in certain circumstances, result in an event of default under certain of our agreements (including debt agreements) and, in any case, may materially and adversely affect Parkland's business, prospects, results of operations and/or financial condition. Unfavourable results, government investigations, or settlements may also encourage other parties to commence additional legal proceedings, and may cause negative publicity and reputational damage. Legal proceedings are expensive, time consuming and may divert management's attention away from the operation of the Business.

Tobacco Legislation

Sales of tobacco products have historically accounted for a significant portion of our total sales of convenience store merchandise. Increases in wholesale cigarette costs and tax increases on tobacco products, as well as future legislation, national and local campaigns to discourage smoking in Canada, and increased use of tobacco alternatives such as electronic cigarettes, may have an adverse effect on the demand for tobacco products, and therefore reduce Parkland's revenues and profits. Competitive pressures in Parkland's markets can make it difficult to pass price increases on to customers. These factors could materially and adversely affect the retail prices of cigarettes, cigarette unit volume and sales, merchandise gross profit and overall customer traffic. Reduced sales of tobacco products or smaller profits on the sales Parkland makes could have a material adverse effect on Parkland's business, financial condition and results of operations.

Currently, major cigarette manufacturers offer substantial rebates to retailers in certain jurisdictions. Parkland includes these rebates as a component of its gross profits. In the event these rebates are no longer offered, or decreased, Parkland's profit form cigarette sales will decrease accordingly. In addition, reduced retail display allowances on cigarettes offered by cigarette manufacturers negatively affect gross profits. These factors could materially affect the retail price of cigarettes, cigarette unit volume and revenues, merchandise gross profit and overall customer traffic, which could in turn have a material adverse effect on Parkland's business, financial condition and results of operations.

Government Legislation

Parkland operates in highly regulated jurisdictions. The cost of compliance with these laws and regulations can have a material adverse effect on our operating results and financial condition. Failure to appropriately operate within each regulatory jurisdiction could lead to fines, penalties and unfavourable tax assessments that could adversely affect our business and our operating results.

Further, transportation fuel sales are taxed by the federal, provincial, state and, in some cases, municipal governments. Material increases in taxes or changes in tax legislation are possible and could have a material effect on the profitability of the Corporation. In addition, various federal, state and local agencies have the authority to prescribe specific product quality specifications to the sale of commodities. Changes in product quality specifications, such as reduced sulfur content in refined petroleum products, or other more stringent requirements for fuels, could reduce Parkland's ability to procure product and its sales volume, require Parkland to incur additional handling costs, and/or require the expenditure of capital. If Parkland is unable to procure product or to recover these costs through increased sales, its ability to meet its financial obligations could be adversely affected. Failure to comply with these regulations could result in substantial penalties.

Any changes in the laws or regulations that are adverse to us or our properties could affect our operating and financial performance. In addition, new regulations are proposed from time to time which, if adopted, could have a material adverse effect on our operating results and financial condition.

Bowden Terminal Operating Permit

Parkland's terminal at Bowden, Alberta has operated as a toll-based petrochemical processing site and bulk fuel logistics terminal. Parkland submitted an application to renew the Bowden operating permit in Q1 2017 to Alberta Environment and Parks ("**AEP**"). In Q3 2017, AEP provided a one-year extension to the existing permit, which now expires on October 31, 2018. Parkland received confirmation in Q4 2017 from AEP that the application passed the administrative review stage and the application is currently in the technical review stage. Risk of not achieving the permit renewal past October 31, 2018 is considered to be very low. If the permit is not renewed past October 31, 2018, or if the terms and conditions of the permit are significantly amended by an applicable regulatory authority during the term of the permit, such event may materially and adversely affect Parkland's business, prospects, and results of operations and/or financial condition. An estimate of the potential future remediation cost has been accrued and provided for in the Corporation's financial statements.

Fuel Storage and Distribution

Operating fuel storage and distribution terminals and transporting fuel products involve inherent risks including:

- oil spills and other environmental mishaps;
- fires, collisions and other catastrophic disasters;
- injuries and loss of life;
- severe damage to and destruction of property and equipment; and
- loss of product and business interruption.

Damage arising from such occurrences may result in fines and significant third party claims. We generally maintain insurance to mitigate these types of costs, but there can be no assurance that our insurance would be sufficient to cover the liabilities we might suffer from the occurrence of one or more of the risks described above.

A significant environmental incident involving a release of crude oil, liquid petroleum products, chemicals or other hazardous substances into marine or other environments could result in losses in excess of the insurance coverage currently maintained by Parkland and could have a material adverse impact on Parkland's business, financial condition, reputation and results of operations.

Future Capital Needs

Parkland may find it necessary in the future to obtain additional debt or equity financing to support Parkland's ongoing operations, undertake capital expenditures, finance expansion, develop new services, respond to competitive pressures, acquire fuel distributors or other complementary businesses, repay existing or future indebtedness or take advantage of unanticipated opportunities. There can be no assurance that such additional funding, if needed, will be available on terms acceptable to Parkland, or at all, and any volatility or uncertainty in the credit markets in the future may increase costs associated with issuing debt. If adequate funds are not available on acceptable terms, Parkland may be unable to develop or enhance its business, take advantage of future opportunities, respond to competitive pressures, declare and pay dividends or increase Parkland's vulnerability in a downturn in general economic conditions, any of which could have a material adverse effect on its business, financial conditions and operating results. In addition, in the event that Parkland's activities are financed partially or wholly with debt, such debt levels may exceed industry standards and the level of Parkland's indebtedness from time to time could impair Parkland's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

Credit Ratings

Credit ratings affect Parkland's financing costs, liquidity and operations over the long term and are intended as an independent measure of the credit quality of Parkland's long-term debt. Credit ratings affect Parkland's ability to obtain short and long-term financing and the cost of financing, and correspondingly, may impact Parkland's ability to engage in certain business activities cost-effectively. See "Future Capital Needs" above.

Credit ratings may not reflect all risks associated with an investment in any of Parkland's securities. The credit ratings applied to the Senior Notes are an assessment by the relevant ratings agency of Parkland's ability to pay its obligations as of the respective dates the ratings are assigned. The credit ratings may not reflect the potential impact of risks related to structure, market or other factors discussed herein on the value of the notes. Credit ratings are intended to provide investors with an independent measure of the credit quality of an issue of securities. The credit ratings accorded to the Senior Notes are not a recommendation to purchase, hold or sell any of the Senior Notes, because ratings agencies do not comment as to market price or suitability for a particular investor. There cannot be any assurance that any credit rating assigned to any of the Senior Notes will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by the relevant rating agency. A lowering or withdrawal of such rating may have an adverse effect on the market value of the Senior Notes. In addition, real or anticipated changes in credit ratings can affect the cost at which Parkland can access public or private debt markets.

Reputation

Reputational risk is inherent in every business decision and there is the potential that a decision or other negative impact could result in the deterioration of the Corporation's reputation with key customers and suppliers. Public attitude towards Parkland may be negatively affected by new policies and emerging technologies which have the effect of steering the public away from petroleum-based fuels or non-fuel dependent means of transportation. In addition, certain hazards inherent to operating a petroleum-based business, including environmental hazards and sustainability concerns, could lead to a deterioration of Parkland's reputation with the public. Negative changes to Parkland's reputation could have a material adverse effect on the Corporation's business, financial condition and future prospects.

Growth

Parkland's growth strategy may place significant demands on its financial, operational and management resources. Parkland has been active in growth oriented activities in the past and in order to continue growth in the future, Parkland will need to add administrative, management and other personnel, and make additional investments in operations and systems. Parkland may not be able to find and train qualified personnel, or do so on a timely basis or expand operations and systems to the extent, and in the time, required. The success of expansion and growth generally is dependent upon timing, the size and quality of opportunities, the ability to integrate complementary businesses, available debt capacity and market conditions. There can be no guarantee that Parkland will be successful in its plans or the method chosen to expand its operations, or that such expansion will be a financial success.

Volatility of Market Price in the Corporation's Securities

The market price of Parkland's securities may be subject to significant fluctuations in response to variations in results of operations and other factors. Developments affecting Parkland's customers, including national and international economic conditions, could also have a significant impact on the market price of Parkland's securities. In addition, the stock market can experience price and volume fluctuations that are often unrelated or disproportionate to the operating performance of companies including Parkland. Therefore, as a result of these fluctuations, which are beyond Parkland's control, the price of the Common Shares or any of Parkland's securities could be affected, which may have indirect consequences such as a possible take-over or other business combination.

Common Shares

We cannot predict the prices at which our Common Shares may trade in the future. The market price of our Common Shares may fluctuate widely, depending upon many factors, some of which may be beyond our control, including:

- a shift in our investor base;
- our quarterly or annual earnings, or those of other companies in our industry;
- actual or anticipated fluctuations in our operating results;
- announcements by us or our competitors of significant acquisitions or dispositions;
- changes in earnings estimates by securities analysts or our ability to meet our earnings guidance;
- the operating and stock performance of other comparable companies; and
- overall market fluctuations and general economic conditions.

Stock markets in general have also experienced volatility that has often been unrelated to the operating performance of a particular company. These broad market fluctuations could negatively affect the trading price of our Common Shares.

Additionally, Parkland may issue additional Common Shares in the future to finance certain capital expenditures, including acquisitions. Parkland is permitted to issue an unlimited number of additional Common Shares without the approval of the Shareholders. Any issuance of Common Shares may have a dilutive effect on the Shareholders. Parkland may also issue preferred shares in one or more series for which the Board of Directors has the sole discretion to determine the number issued and the rights, privileges, restrictions and conditions attached to such shares.

Dividends

We have paid regular cash dividends on a quarterly basis and we expect to continue the practice of paying regular quarterly cash dividends. However, the timing, declaration, amount and payment of future dividends to Shareholders will fall within the discretion of the Board of Directors. There can be no assurance that we will continue to pay any dividends.

Nature of Senior Notes

The Senior Notes are direct senior unsecured obligations of Parkland and rank pari passu with all other existing and future senior indebtedness of Parkland and rank senior in right of payment to any future subordinated indebtedness of Parkland. The Senior Notes are effectively subordinated to all secured indebtedness of Parkland and the material subsidiaries of Parkland who are guarantors of the Senior Notes, to the extent of the value of the assets securing such secured indebtedness and structurally subordinated in right to payment of all indebtedness and other liabilities, including trade payables, of Parkland's non-Guarantor Subsidiaries. Accordingly, if Parkland or its material subsidiaries who are guarantors of the Senior Notes are involved in any bankruptcy, dissolution, liquidation, reorganization or other insolvency proceeding, the secured indebtedness holders would be paid before the holders of Senior Notes receive any amounts due under the notes to the extent of the value of the assets securing the secured indebtedness. In such an event, a holder of Senior Notes may not be able to recover any principal, premium, if any, or interest due to it under the Senior Notes.

Lack of Market for Senior Notes

The Senior Notes are not listed on any exchange and Parkland does not intend to apply for a listing of either the 5.50% Senior Notes, 5.75% Senior Notes, 5.625% Senior Notes or the 6.00% Senior Notes. Accordingly, holders of Senior Notes may not be able to resell the Senior Notes. This may affect the pricing of the Senior Notes in any secondary market, the transparency and availability of trading prices and the liquidity of the Senior Notes. There can be no assurance that a secondary market for the Senior Notes will develop or, if a secondary market does develop, that it will provide holders of the Senior Notes with liquidity for their investment or that it will continue until the maturity date of the Senior Notes. The market price and value of the Senior Notes may be affected by changes in general market conditions, fluctuations in the market for equity and debt securities, and numerous other factors beyond Parkland's control. Prevailing interest rates will affect the market price or value of the Senior Notes. Generally, the market price or value of the Senior Notes will decline as prevailing interest rates for comparable debt instruments rise, and increase as prevailing interest rates for comparable debt instruments decline. Fluctuations in interest rates may also impact Parkland's borrowing costs, which may adversely affect Parkland's creditworthiness.

Calamitous Events

Calamitous events, such as terrorist attacks, technological attacks, escalation of military activity, domestic and global trade disruption, or natural disasters, may have significant effects on general economic conditions, consumer confidence, consumer spending, travel, and tourism, all of which could have a material adverse effect on the Corporation. Strategic targets, such as energy-related assets, may be at greater risk of possible future attacks than other targets within the geographic area that the Corporation operates. It is possible that any of these events could occur and have a material adverse effect on the Corporation's business, financial condition and future prospects.

Transportation

Parkland's products and the feedstock for the Burnaby Refinery are transported and supplied using a variety of methods and Parkland may be subject to any interruptions or restrictions to such transportation which may limit Parkland's ability to deliver Parkland's products and could have a material adverse effect on the Corporation's business, results of operations or prospects. In addition, the delivery of Parkland's products by railcar through Elbow River may be impacted by service delays, inclement weather or derailment. Parkland's products or railcars may be involved in a derailment or incident that results in legal liability or reputational harm. In addition, recent amendments to the *Transportation of Dangerous Goods Regulations*, SOR/2001-286, by the Canadian government impose new safety standards, and update certain existing safety standards, relating to the transportation of dangerous goods by rail car including, but not limited to, upgraded safety standards for rail tank cars, new emergency response assistance plans and more rigorous classification testing requirements for certain products including petroleum crude oil. These amendments may increase Parkland's overall cost of business and the economics associated with rail transportation. Further, the introduction of new laws or regulations related to the transportation of products by rail may also adversely affect Parkland's ability to deliver Parkland's products by rail or the economics associated with rail transportation.

Any such interruptions, restrictions, delays, adverse weather, derailment, incident or the impact, or coming into force, of new regulations affecting any of the methods of transportation utilized by Parkland could adversely affect Parkland's ability to deliver its products, the economics associated with certain methods of transportation (including by rail) and/or materially and adversely affect Parkland's business, prospects, results of operations and/or financial condition.

Foreign Exchange Risk

Parkland is exposed to foreign exchange risk through its production of refined products that are customarily priced in US dollars and its investments in the United States including, but not limited to, its wholly-owned subsidiary, Parkland USA. Changes in the Canada/United States exchange rate could impact the earnings of Parkland, the value of the United States investments and the cash generated from the Businesses. Parkland's net investment in Parkland USA, which has a US dollar functional currency, presents a foreign currency risk to the Corporation, which has a Canadian dollar functional currency. Parkland is using a net investment hedge to partially mitigate this risk. Given the volatility of exchange rates, we may not be able to manage our currency risks effectively or at all, which could have a material adverse effect on our financial condition or results of operations.

The North American Free Trade Agreement

The North American Free Trade Agreement among Canada, the United States and Mexico ("**NAFTA**") currently prohibits discriminatory border restrictions and export taxes and the imposition of minimum or maximum export or import price requirements except with respect to the enforcement of countervailing and anti-dumping orders and undertakings. In addition, the signatories to NAFTA agree to ensure that their regulatory bodies provide equitable implementation of regulatory measures and minimize the disruption of contractual arrangements.

The outcome of the ongoing renegotiation of NAFTA could include significant changes to, or the United States' withdrawal from, the treaty. While Parkland is not aware of any proposals in the renegotiation to materially alter the terms of trade for energy resources, if the outcome of the renegotiation did include any such changes, or if the United States were to withdraw from NAFTA, this could have a material adverse effect on Parkland's financial condition and/or results from operations.

Convenience Store Risks

All new convenience stores opened by Parkland are subject to a variety of laws from jurisdictions across Canada and the United States. There is a risk that substantial changes to relevant legislation could affect Parkland's ability to open new convenience stores, increase the cost of opening new convenience stores, or cause a decline in the availability and suitability of locations for new convenience stores, which may adversely affect Parkland's convenience store operations.

Parkland works with a number of business partners to provide high-quality products and offerings at its convenience stores. Changes to Parkland's relationship with its convenience store business partners, or a decrease in the quality of products and offerings provided by Parkland's business partners could adversely affect Parkland's convenience store operations.

Elbow River

Products

Inventory may be accumulated during the summer months for delivery to customers during the winter season. The cost of inventory may be higher or lower than market prices at the time of sale and can impact profitability. Over the long term, Elbow River's business will depend, in part, on the level of demand for petroleum products in the geographic areas in which deliveries are made and the ability and willingness of shippers having access or rights to supply such demand.

Reliance on Principal Customers, Suppliers and Operators

Elbow River relies on a few significant customers, suppliers and operators to carry on business. If for any reason these parties are unable to perform their obligations under the various agreements with Elbow River, Parkland's business, prospects, results of operations and/or financial condition could be materially and adversely affected.

Hedging

Elbow River uses hedging transactions in order to mitigate the risk associated with its marketing transactions. In many circumstances, purchase and sale contracts are not perfectly matched as they are entered into at different times and at different values. In all of Elbow River's businesses, margins can vary significantly from period to period and volatility in the markets for these products may cause distortions in financial results from period to period that are not replicable. There is no guarantee that hedging and other efforts to manage the marketing and inventory risks will generate profits or mitigate all the market and inventory risk associated with these activities. As well, by Elbow River hedging its commodity price exposure, it may forego the benefits that may otherwise be experienced if commodity prices were to increase.

To the extent that Elbow River engages in financial or physical hedging transactions to mitigate commodity price risk, there remains a credit risk associated with counterparties with which it partners or contracts.

Foreign Operations

Elbow River is actively involved in US markets, in which it makes a significant percentage of its sales and purchases. Elbow River's significant reliance on these markets means that it is subject to downturns in the US economy, weather patterns in the US, protectionist actions by US legislators and other political developments, all of which could have an adverse impact on Elbow River's financial results. Similarly, Elbow River is developing a growing business in Mexico and is therefore subject to the same risks as in the US, in addition to any risks associated with a unique regulatory and cultural environment in Mexico.

Parkland USA

Cost of Compliance with US Laws and Regulations

Parkland USA is subject to numerous United States federal, state and local provisions regulating Parkland's business and operations and it incurs and expects to incur significant capital and operating expenses to comply with these laws and regulations. Parkland USA may be unable to pass on those expenses to customers without experiencing volume and margin losses.

Parkland USA has established reserves for the future cost of known compliance obligations, such as remediation of identified environmental impacts. However, these reserves may prove inadequate to meet its actual liability. Moreover, amended, new or more stringent requirements, stricter interpretations of existing requirements or the future discovery of currently unknown compliance issues may require it to make material expenditures or subject it to liabilities that it currently does not anticipate. Furthermore, Parkland USA's failure to comply with applicable laws and regulations could subject it to administrative penalties and injunctive relief, civil remedies, including fines and injunctions and recalls of its products.

Parkland USA has in the past and may in the future maintain hedges to manage the price risks associated with its commercial operations. These transactions typically take place on the New York Mercantile Exchange, Inc. ("**CME**"). Parkland's hedging transactions and activities would be subject to the rules and regulations of the CME and the Commodity Futures Trading Commission ("**CFTC**"). Both the CME and the CFTC have broad powers to review required records, investigate and enforce compliance and to punish noncompliance by entities subject to its jurisdiction. The failure to comply with such rules and regulations could lead to restrictions on Parkland USA's trading activities or subject it to enforcement action by the CFTC or a disciplinary action by the CME, which could lead to substantial sanctions.

Convenience Store Merchandise Inventory Suppliers

Parkland USA purchases convenience store merchandise inventory from a small number of suppliers for its owned and operated convenience stores. A change of merchandise suppliers, a disruption in supply or a significant change in Parkland USA's relationships with its principal merchandise suppliers could have an adverse effect on Parkland USA's financial condition and results of operations.

Audit Committee Information

Audit Committee Mandate

The mandate of the Audit Committee (the "**Audit Committee Mandate**") of the Corporation is set forth in Appendix 1 of this Annual Information Form.

Composition of the Audit Committee

The Audit Committee is a standing committee appointed by the Board of Directors to assist the Board of Directors in fulfilling its oversight responsibilities with respect to financial reporting by the Corporation. The Audit Committee of the Corporation currently consists of three members, all of whom are independent and financially literate in accordance with the definitions in National Instrument 52-110 *Audit Committees*. The relevant education and experience of each Audit Committee member is outlined below.

Deborah Stein, FCPA, FCA

From 2005 to 2016 Ms. Stein was employed by AltaGas Ltd. She held the role of SVP Finance and Chief Financial Officer from 2008 to 2015. She also held the role of Chief Financial Officer and Corporate Secretary of AltaGas Utilities Group Inc. from 2005 to 2006. Prior to holding the role as CFO of AltaGas Ltd. Ms. Stein held the positions of VP Finance and VP Corporate Risk. Prior to joining AltaGas, Ms. Stein was employed at TransCanada Corporation. In her early career she led the finance functions of Wendy's Restaurants of Canada and Paramount Canada's Wonderland. Ms. Stein is a FCPA, FCA and holds the ICD.D designation from the Institute of Corporate Directors. Ms. Stein chairs the audit committee of Parkland and is a member of the Human Resources and Corporate Governance Committee. Ms. Stein also sits on the board of directors of Nuvista Energy Ltd. and Trican Well Services Ltd. She chairs the Audit Committee of NuVista Energy Ltd. Is a member of the Audit Committee of Trican Well Services Ltd. and is a member of the Human Resources Committees of both Nuvista Energy Ltd. and Trican Well Service Ltd.

Jim Pantelidis

Mr. Pantelidis has over 30 years of experience in the petroleum industry. Mr. Pantelidis has been chairman and director of EnerCare Inc. since 2002. He also serves on the board of Intertape Polymer Group Inc. (member of the Audit Committee). From May 2004 to March 2016, Mr. Pantelidis was on the Board of Rona Inc. (Chairman of the Human Resources and Compensation Committee and member of the Development Committee). From 2002 to 2015 Mr. Pantelidis served on the board of Industrial Alliance Insurance and Financial Services Inc. (Chairman of the Investment Committee and member of the Human Resources and Compensation Committee). From 2002 to 2006 Mr. Pantelidis was on the Board of FisherCast Global Corporation and served as Chairman and Chief Executive Officer from 2004 to 2006. Mr. Pantelidis also previously served on the board of Equinox Minerals Limited (Chairman of the Human Resources and Compensation Committee and member of the Audit Committee). Mr. Pantelidis has a Bachelor of Science degree and a Master of Business Administration degree, both from McGill University. Mr. Pantelidis has served on the Board of Directors since September 7, 1999 and he is Chairman of the Board of Directors and a member of the Audit Committee. He also serves as Chair of the Supply and Business Development Advisory Committee.

Domenic Pilla

Mr. Pilla is currently the CEO of McKesson Canada. Prior to this, he served as the President of Shoppers Drug Mart Corporation, a subsidiary of Loblaw Companies Limited, and served as a Director of Loblaws Companies Limited from April 1, 2014 until January 9, 2015. Mr. Pilla served as Chief Executive Officer and sat on the Board of Directors of Shoppers Drug Mart Corporation from November 1, 2011 until March 31, 2014. Mr. Pilla brings nearly 30 years of leadership experience in the health care and retailing sectors to the Corporation. Prior to his current roles, Mr. Pilla served on the board of Domtar Corporation and also served on the Human Resources and Compensation Committee of Domtar Corporation until January 3, 2017. Also, from January 2001 to October 2011, Mr. Pilla led McKesson Canada (a wholly-owned subsidiary of McKesson Corporation), serving as Executive Vice-President and Chief Operating Officer, before being appointed President in January 2007. Mr. Pilla has also served as President of Canadian Operations of RNG Group Inc., a privately owned Toronto-based company. As well, during an 18-year tenure with Petro-Canada, Mr. Pilla held a number of senior positions in distribution, sales, and retail, including Vice-President of the Central Region. Mr. Pilla graduated from McGill University with a Bachelor of Engineering in Chemical Engineering.

Mr. Pilla was appointed to the Audit Committee on January 5, 2015 and replaced Mr. Dinning who served as a member of the Audit Committee prior to the annual general meeting of the Corporation held on May 6, 2014. Prior to the date of Mr. Dinning's departure from the Board to the date of Mr. Pilla's appointment to the Audit Committee, the Corporation undertook an extensive external search to identify an additional Board member having the requisite education, experience and financial literacy to act not only as a member of the Board but also as a member of the Audit Committee. During the period commencing on May 6, 2014 and ending on the date that Mr. Pilla was appointed to the Audit Committee, the Audit Committee was comprised of Mssrs. Rogers and Pantelidis.

Steven Richardson

Mr. Richardson has more than 30 years of experience working in financial roles in Canada's retail, financial services, and oil and gas sectors. Mr. Richardson served as Hudson's Bay Company Chief Financial Officer from 2006 until his retirement in 2009. Mr. Richardson previously held various senior financial positions within Hudson's Bay Company between 2003 and 2006. Prior to joining the Hudson's Bay Company, Mr. Richardson was Chief Financial Officer of Wells Fargo Financial Corporation Canada and Chief Financial Officer and a director of Associates Financial Services of Canada and Beneficial Canada Inc. Mr. Richardson began his career at Imperial Oil Limited, holding various positions in the corporate finance and controller's departments. Mr. Richardson is a CPA CMA, is a graduate of University of Toronto (Economics and Commerce), and completed the Senior Executive Leadership Program at Columbia University. He is also a graduate of the Rotman School of Management, Director's Education Program and holds the ICD.D designation. Mr. Richardson was a member of the Board of Directors of RONA Inc. from 2013 to 2016 and was a member of the Audit Committee, the Human Resource and Compensation Committee, and the Strategic Review Committee. From 2010 to 2013, he was a member of the Board of Directors, as well as Chair of the Corporate Governance and Compensation Committee and a member of the Audit Committee of Sterling Shoes Inc., and a director of Easyhome Ltd. From June 2011 to December 2011 including Co-Chair of its Compensation Committee, chair of its Special Committee and member of tis Audit Committee.

Pre-approval Policies and Procedures

Under the Audit Committee Mandate, the Audit Committee is required to approve the terms of the engagement and the compensation to be paid to the external auditor of the Corporation. In addition, the Audit Committee is required to review and pre-approve non-audit services provided by the external auditor as required by National Instrument 52-110 *Audit Committees*.

External Auditor Services Fees by Category

PricewaterhouseCoopers LLP were first appointed auditors of a predecessor to the Corporation in 2004. In 2017 and 2016, Parkland incurred fees to its external auditors, PricewaterhouseCoopers LLP, as follows:

Description	2017	2016
Audit fees(1)	$ 1,335,000	$ 930,000
Audit-related fees(2)	$ 1,035,445	$ 536,000
Tax fees(3)	$ 51,392	$ 72,700
All other fees(4)	$ 186,500	$ 159,600
Total	**$ 2,608,337**	**$ 1,698,300**

(1) "Audit Fees" means the aggregate fees billed by the issuer's external auditor for audit services.
(2) "Audit-Related Fees" means the aggregate fees billed for the last fiscal year for assurance and related services by the issuer's external auditor that are reasonably related to the performance of the audit or review of the issuer's financial statements and are not reported under clause (1) above. Activities in 2017 include the review of interim consolidated financial statements, review of purchase price allocations, system conversion and upgrade testing, and procedures performed for the offering memorandums and business acquisition reports, translation of annual and quarterly financial statements and MD&A. Activities in 2016 include the review of interim consolidated financial statements, review of purchase price allocations, system conversion and upgrade testing, and procedures performed for the at-the-market offering prospectus and supplement and the offering memorandum.
(3) "Tax Fees" means the aggregate fees billed in the last fiscal year for professional services rendered by the issuer's external auditor for tax compliance, tax advice and tax planning.
(4) "All Other Fees" means the aggregate fees billed in the last fiscal year for products and services provided by the issuer's external auditor, other than the services reported under clauses (1), (2) and (3), above. Activities in 2017 include renewable fuels regulations compliance audit and NI 52-102 testing. Activities in 2016 include renewable fuels regulations compliance audit, NI 52-102 testing, and IT project management services.

Dividends

Dividends Paid by the Corporation and Dividend Policy

Commencing in January 2011 through February 2013; the Corporation declared and paid a monthly dividend of $0.085 per Common Share. Parkland has increased and paid a monthly dividend as follows:

March 2013 through February 2014: declared and paid a monthly dividend of $0.0867 per Common Share equivalent to $1.04 per Common Share annually.

March 2014 through February 2015: declared and paid a monthly dividend of $0.0883 per Common Share equivalent to $1.06 per Common Share annually.

March 2015 through February 2016: declared and paid a monthly dividend of $0.09 per Common Share equivalent to $1.08 per Common Share annually.

March 2016 through February 2017: declared and paid a monthly dividend of $0.0945 per Common Share equivalent to $1.134 per Common Share annually.

March 2017 through December 2017: declared and paid a monthly dividend of $0.0962 per Common Share equivalent to $1.1544 per Common Share annually.

The declaration of dividends is at the sole discretion of the Board of Directors and the amount of dividends declared by the Corporation and the frequency of payment thereof, if any, may vary from time to time as a consequence of a number of factors, including, without limitation, retail pricing and margins, availability and pricing of petroleum product supply, volatility of crude oil prices, capital expenditure requirements, operating costs and compliance with any restrictions on the declaration and payment of dividends contained in any agreement to which Parkland is a party from time to time (including, without limitation, the Credit Agreement and the Senior Note Indentures) and the satisfaction of the liquidity and solvency tests imposed by the Business Corporations Act for the declaration and payment of dividends.

Dividend Reinvestment Plan

In 2011, the Corporation established a Premium Dividend™ and Dividend Reinvestment Plan. The Premium Dividend plan was discontinued as of April 1, 2016. The Dividend Reinvestment Plan allows shareholders to reinvest their cash dividends to purchase additional Parkland shares from treasury at a 5% per share discount to the daily volume weighted average trading price on the applicable dividend payment date. The Dividend Reinvestment Plan allows Parkland to retain amounts that would otherwise be paid to shareholders as dividends in cash, thereby incrementally raising equity capital which may be used by Parkland to, among other things, fund its capital program, fund acquisitions, build new locations and upgrade existing locations: all of which help contribute to Parkland's growth and ability to execute on its strategy.

Shareholders interested in participating in the Dividend Reinvestment Plan can find out more at Parkland's website: www.parkland.ca. A copy of the enrolment form is available from Computershare Trust Company of Canada ("**Computershare**") through their website at www.computershare.com or by calling 1-800-564-6253, or from Parkland through its website at www.parkland.ca or by calling 403-357-6400.

Description of Capital Structure

Share Capital

The authorized capital of the Corporation consists of an unlimited number of Common Shares and preferred shares issuable in series. The following is a summary of the rights, privileges, restrictions and conditions attaching to the securities of the Corporation which comprise the share capital of the Corporation.

Common Shares

As at **March 7, 2018**, there were 131,495,135 Common Shares issued and outstanding.

Each Common Share entitles the holder to receive notice of and to attend all meetings of the Shareholders and to one vote at such meetings. The holders of Common Shares will be, at the discretion of the Board of Directors and subject to applicable legal restrictions, entitled to receive any dividends declared by the Board of Directors on the Common Shares. The holders of Common Shares will be entitled to share equally in any distribution of the assets of the Corporation upon the liquidation, dissolution, bankruptcy or winding-up of the Corporation or other distribution of its assets among its shareholders for the purpose of winding-up its affairs.

On June 28, 2017 and as a result of the closing of the CST Acquisition, the holders of the Subscription Receipts previously issued on September 7, 2016 automatically received one Parkland common share for each Subscription Receipt in accordance with the terms of the subscription receipt agreement. As a result, the Subscription Receipts were delisted by the TSX after close of trading on June 29, 2017.

Shareholder Rights Plan

At the annual and special meeting held in 2017, Shareholders approved an ordinary resolution confirming the adoption of an amended and restated shareholder rights plan (the "**Rights Plan**") dated as of March 3, 2017, between Parkland and Computershare, as rights agent. The objectives of the Rights Plan is to ensure, to the extent possible, that all Shareholders are treated equally and fairly in connection with any take-over bid or similar proposal to acquire Common Shares. The Rights Plan will provide the Board of Directors and the Shareholders with more time to fully consider any unsolicited take-over bid for Parkland without undue pressure, to allow the Board of Directors to pursue, if appropriate, other alternatives to maximize shareholder value and to allow additional time for competing bids to emerge for Shareholders. Take-over bids may be structured in such a way as to be coercive or discriminatory in effect, or may be initiated at a time when it will be difficult for the Board of Directors to prepare an adequate response. Such offers may result in Shareholders receiving unequal or unfair treatment, or not realizing the full or maximum value of their investment in Parkland.

The Rights Plan discourages the making of any such offers by creating the potential of significant dilution to any offeror who does so. This potential is created through the issuance to all Shareholders of contingent rights to acquire additional Common Shares at a significant discount to the then prevailing market prices, which could, in certain circumstances, become exercisable by all Shareholders other than an offeror and its associates, affiliates and joint actors

The Rights Plan does not affect in any way Parkland's financial condition. The initial issuance of the rights will not dilute the Common Shares and will not affect reported earnings or cash flow per share until the rights separate from the underlying Common Shares and become exercisable. The Rights Plan will not lessen or affect the duty of the Board of Directors to give due and proper consideration to any offer that is made and to act honestly, in good faith, and in the best interests of Parkland and its Shareholders. The Rights Plan is designed to provide the directors with the means to negotiate with an offeror and with sufficient time to seek out and identify alternative transactions on behalf of the Shareholders.

A copy of the agreement between the Corporation and Computershare, as rights agent, establishing the Rights Plan is available on SEDAR at www.sedar.com.

Preferred Shares

As at March 20, 2018, there were no preferred shares of the Corporation issued and outstanding.

The preferred shares of the Corporation are issuable in one or more series. The Board of Directors is empowered to fix the number of preferred shares and the rights, privileges, restrictions and conditions to be attached to the preferred shares of each series. As a result of Parkland's discussions with certain proxy advisory firms, Parkland agreed to limit the number of preferred shares that may be authorized for issuance at any given time to a maximum of 5,000,000.

Indebtedness

5.50% Senior Notes

General

The 5.50% Senior Notes are direct senior unsecured obligations of the Corporation and rank pari passu in right of payment with all other existing and future senior indebtedness of the Corporation. The 5.50% Senior Notes bear interest at the rate of 5.50% per annum, payable semi-annually in arrears on May 28 and November 28 of each year.

Subject to certain exceptions, the indenture governing the 5.50% Senior Notes contains a number of covenants that, among other things, restrict the Corporation and certain of its subsidiaries ability to: create liens on its assets; liquidate, dissolve or wind up; transfer or sell assets; incur debt; pay dividends on shares, repurchase shares, repay debt or make other restricted payments; enter into hedges other than in limited circumstances; enter into transactions with affiliates; consolidate, merge or transfer all or substantially all of their assets; and make certain acquisitions over a certain limit.

Redemption

At any time prior to May 28, 2017, the Corporation may on any one or more occasions redeem up to an aggregate of 35% of the aggregate principal amount of 5.50% Senior Notes, upon not less than 30 days' nor more than 60 days' notice, at a redemption price of 105.50% of the aggregate principal amount of 5.50% Senior Notes redeemed, plus accrued and unpaid interest, if any, to the redemption date, with the net cash proceeds of one or more equity offerings; provided that: (i) at least 65% of the aggregate principal amount of 5.50% Senior Notes remains outstanding immediately after the occurrence of such redemption; and (ii) each such redemption occurs within 90 days of the date of the closing of the related equity offering.

At any time prior to May 28, 2017, the Corporation may on any one or more occasions redeem all or a part of the 5.50% Senior Notes, upon not less than 30 days' nor more than 60 days' notice, at the make-whole price which is equal to the greater of (a) the Canada yield price (as defined in the indenture governing the 5.50% Senior Notes) and (b) 101% of the aggregate principal amount of the 5.50% Senior Notes redeemed, plus accrued and unpaid interest, if any, to the date of redemption.

Except pursuant to the preceding paragraphs, the 5.50% Senior Notes are not redeemable at the Corporation's option prior to May 28, 2017.

On or after May 28, 2017, the Corporation may, on any one or more occasions, redeem all or a part of the 5.50% Senior Notes upon not less than 30 days' nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest, if any, on the 5.50% Senior Notes redeemed, to the applicable redemption date, if redeemed during the twelve-month period beginning on May 28, of the years indicated below:

Redemption Year	Redemption Price
2017	104.125%
2018	102.750%
2019	101.375%
2020 and thereafter	100.000%

Change of Control

Upon the occurrence of a change of control (as defined in the indenture governing the 5.50% Senior Notes), the holders may require the Corporation to repurchase such holder's notes, in whole or in part, at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase.

6.00% Senior Notes

General

The 6.00% Senior Notes are direct senior unsecured obligations of the Corporation and rank pari passu in right of payment with all other existing and future senior indebtedness of the Corporation. The 6.00% Senior Notes bear interest at the rate of 6.00% per annum, payable semi-annually in arrears on May 21 and November 21 of each year.

Subject to certain exceptions, the indenture governing the 6.00% Senior Notes contains a number of covenants that, among other things, restrict the Corporation and certain of its subsidiaries ability to: create liens on its assets; liquidate, dissolve or wind up; transfer or sell assets; incur debt; pay dividends on shares, repurchase shares, repay debt or make other restricted payments; enter into hedges other than in limited circumstances; enter into transactions with affiliates; consolidate, merge or transfer all or substantially all of their assets; and make certain acquisitions over a certain limit.

Redemption

At any time prior to November 21, 2017, the Corporation may on any one or more occasions redeem up to an aggregate of 35% of the aggregate principal amount of 6.00% Senior Notes, upon not less than 30 days' nor more than 60 days' notice, at a redemption price of 106.00% of the aggregate principal amount of 6.00% Senior Notes redeemed, plus accrued and unpaid interest, if any, to the redemption date, with the net cash proceeds of one or more equity offerings; provided that: (i) at least 65% of the aggregate principal amount of 6.00% Senior Notes remains outstanding immediately after the occurrence of such redemption; and (ii) each such redemption occurs within 90 days of the date of the closing of the related equity offering.

At any time prior to November 21, 2017, the Corporation may on any one or more occasions redeem all or a part of the 6.00% Senior Notes, upon not less than 30 days' nor more than 60 days' notice, at the make-whole price which is equal to the greater of (a) the Canada yield price (as defined in the indenture governing the 6.00% Senior Notes) and (b) 101% of the aggregate principal amount of the 6.00% Senior Notes redeemed, plus accrued and unpaid interest, if any, to the date of redemption.

Except pursuant to the preceding paragraphs, the 6.00% Senior Notes are not redeemable at the Corporation's option prior to November 21, 2017.

On or after November 21, 2017, the Corporation may, on any one or more occasions, redeem all or a part of the 6.00% Senior Notes upon not less than 30 days' nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest, if any, on the 6.00% Senior Notes redeemed, to the applicable redemption date, if redeemed during the twelve-month period beginning on November 21, of the years indicated below:

Redemption Year	Redemption Price
2017	104.500%
2018	103.000%
2019	101.500%
2020 and thereafter	100.000%

Change of Control

Upon the occurrence of a change of control (as defined in the indenture governing the 6.00% Senior Notes), the holders may require the Corporation to repurchase such holder's notes, in whole or in part, at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase.

5.75% Senior Notes

General

The 5.75% Senior Notes are direct senior unsecured obligations of the Corporation and rank pari passu in right of payment with all other existing and future senior indebtedness of the Corporation. The 5.75% Senior Notes bear interest at the rate of 5.75% per annum, payable semi-annually in arrears on March 16 and September 16 of each year. The net proceeds of the 5.75% Senior Notes were released from escrow upon satisfaction of the applicable release conditions in connection with the CST Acquisition and were used to fund a portion of the purchase price of the CST Acquisition.

Subject to certain exceptions, the indenture governing the 5.75% Senior Notes contains a number of covenants that, among other things, restrict the Corporation and certain of its subsidiaries ability to: create liens on its assets; liquidate, dissolve or wind up; transfer or sell assets; incur debt; pay dividends on shares, repurchase shares, repay debt or make other restricted payments; enter into hedges other than in limited circumstances; enter into transactions with affiliates; consolidate, merge or transfer all or substantially all of their assets; and make certain acquisitions over a certain limit.

Redemption

At any time prior to September 16, 2019, the Corporation may on any one or more occasions redeem up to an aggregate of 35% of the aggregate principal amount of 5.75% Senior Notes, upon not less than 30 days' nor more than 60 days' notice, at a redemption price of 105.75% of the aggregate principal amount of 5.75% Senior Notes redeemed, plus accrued and unpaid interest, if any, to the redemption date, with the net cash proceeds of one or more equity offerings; provided that: (i) at least 65% of the aggregate principal amount of 5.75% Senior Notes remains outstanding immediately after the occurrence of such redemption; and (ii) each such redemption occurs within 90 days of the date of the closing of the related equity offering.

At any time prior to September 16, 2019, the Corporation may on any one or more occasions redeem all or a part of the 5.75% Senior Notes, upon not less than 30 days' nor more than 60 days' notice, at the make-whole price which is equal to the greater of (a) the Canada yield price (as defined in the indenture governing the 5.75% Senior Notes) and (b) 101% of the aggregate principal amount of the 5.75% Senior Notes redeemed, plus accrued and unpaid interest, if any, to the date of redemption.

Except pursuant to the preceding paragraphs, the 5.75% Senior Notes are not redeemable at the Corporation's option prior to September 16, 2017.

On or after September 16, 2017, the Corporation may, on any one or more occasions, redeem all or a part of the 5.75% Senior Notes upon not less than 30 days' nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest, if any, on the 5.75% Senior Notes redeemed, to the applicable redemption date, if redeemed during the twelve-month period beginning on September 16, of the years indicated below:

Redemption Year	Redemption Price
2017	104.500%
2018	103.000%
2019	101.500%
2020 and thereafter	100.000%

Change of Control

Upon the occurrence of a change of control (as defined in the indenture governing the 5.75% Senior Notes), the holders may require the Corporation to repurchase such holder's notes, in whole or in part, at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase.

5.625% Senior Notes

General

The 5.625% Senior Notes are direct senior unsecured obligations of the Corporation and rank pari passu in right of payment with all other existing and future senior indebtedness of the Corporation. The 5.625% Senior Notes bear interest at the rate of 5.625% per annum, payable semi-annually in arrears on May 9 and November 9 of each year.

Subject to certain exceptions, the indenture governing the 5.625% Senior Notes contains a number of covenants that, among other things, restrict the Corporation and its certain of its subsidiaries ability to: create liens on its assets; liquidate, dissolve or wind up; transfer or sell assets; incur debt; pay dividends on shares, repurchase shares, repay debt or make other restricted payments; enter into hedges other than in limited circumstances; enter into transactions with affiliates; consolidate, merge or transfer all or substantially all of their assets; and make certain acquisitions over a certain limit.

Redemption

At any time prior to May 9, 2020, the Corporation may on any one or more occasions redeem up to an aggregate of 35% of the aggregate principal amount of 5.625% Senior Notes, upon not less than 30 days' nor more than 60 days' notice, at a redemption price of 105.625% of the aggregate principal amount of 5.625% Senior Notes redeemed, plus accrued and unpaid interest, if any, to the redemption date, with the net cash proceeds of one or more equity offerings; provided that: (i) at least 65% of the aggregate principal amount of 5.625% Senior Notes remains outstanding immediately after the occurrence of such redemption; and (ii) each such redemption occurs within 90 days of the date of the closing of the related equity offering.

At any time prior to May 9, 2020, the Corporation may on any one or more occasions redeem all or a part of the 5.625% Senior Notes, upon not less than 30 days' nor more than 60 days' notice, at the make-whole price which is equal to the greater of (a) the Canada yield price (as defined in the indenture governing the 5.625% Senior Notes) and (b) 101% of the aggregate principal amount of the 5.625% Senior Notes redeemed, plus accrued and unpaid interest, if any, to the date of redemption.

Except pursuant to the preceding paragraphs, the 5.625% Senior Notes are not redeemable at the Corporation's option prior to May 9, 2020.

On or after May 9, 2020, the Corporation may, on any one or more occasions, redeem all or a part of the 5.625% Senior Notes upon not less than 30 days' nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest, if any, on the 5.625% Senior Notes redeemed, to the applicable redemption date, if redeemed during the twelve-month period beginning on May 9, of the years indicated below:

Redemption Year	Redemption Price
2020	104.219%
2021	102.813%
2022	101.406%
2023 and thereafter	100.000%

Change of Control

Upon the occurrence of a change of control (as defined in the indenture governing the 5.625% Senior Notes), the holders may require the Corporation to repurchase such holder's notes, in whole or in part, at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase.

Credit Agreement

The following is a summary of the material terms of the credit facilities available pursuant to the Credit Agreement:

Amount and Term

The Credit Facility also includes a $300,000,000 million accordion feature that could potentially increase the total lending capacity to the equivalent of $1,300,000,000 and US$50 million. The maturity date of the Credit Facility is September 29, 2021, with an option on the part of Parkland to request that the lenders extend, at their discretion, the facilities to a new maturity date for one or more years.

Letters of Credit

Letters of credit are available in Canadian or US dollars under the Credit Facility in an aggregate amount not to exceed $200,000,000 and US$25,000,000.

Interest Rates and Fees

The interest rate on loans that are denominated in US dollars will, at Parkland's option, be either a margin over a US base rate or a margin over LIBOR. The interest rate on loans denominated in Canadian dollars will, at Parkland's option, be either a margin over the Canadian prime rate or a margin over the bankers' acceptance rate; such margins will be based on the then applicable ratio of total funded debt to EBITDA (the "**Margin Ratio**").

The credit facilities also provide for (a) a standby fee for each lender calculated on the unused amount of its commitment at a percentage based on the applicable Margin Ratio; (b) an issuance fee on the outstanding amount of the letters of credit equal to the margin applicable to LIBOR loans (subject to reduction in fees for non-financial letters of credit); and (c) an acceptance fee to be paid upon the acceptance of a lender of a bankers' acceptance at a percentage based on the applicable Margin Ratio.

Repayment

The credit facilities contain a requirement that they be repaid in full on September 29, 2021, subject to the optional extension referenced above.

Guarantees and Security

The Corporation and its material subsidiaries have each pledged substantially all of their respective assets, secured by a perfected first priority lien, subject to certain encumbrances, as security for their obligations to the agent and the lenders under the Credit Facility. In addition, the Corporation and its material subsidiaries have each guaranteed the obligations of Elbow River, Parkland Refining (B.C.) Ltd. and Parkland (U.S.) Financing Corp. to the agent and lenders under the Credit Facility.

Certain Covenants and Events of Default

Subject to certain exceptions, the Credit Agreement contains a number of covenants that, among other things, restrict the Corporation's, Elbow River's, Parkland Refining (B.C.) Ltd.'s and Parkland (U.S.) Financing Corp.'s (and, in certain cases, the Corporation's, Elbow River's, Parkland Refining (B.C.) Ltd.'s and Parkland (U.S.) Financing Corp.'s subsidiaries' and the Corporation's material subsidiaries') ability to: change the nature of their business or operations in any material respect; create liens on their assets; liquidate, dissolve or wind up; transfer or sell assets, including shares of subsidiaries; incur or guarantee additional debt or other obligations, issue certain equity securities or enter into sale and leaseback transactions other than in limited circumstances; in certain circumstances, hold cash in excess of set amounts; make certain investments or acquisitions over a certain limit; grant certain guarantees or other forms of financial assistance; pay dividends on shares, repurchase shares, redeem subordinated debt or make other restricted payments; enter into hedges other than in limited circumstances; enter into transactions with affiliates; consolidate, merge or transfer all or substantially all of their assets; or change their fiscal year unless certain conditions are met.

The Credit Agreement contains customary affirmative covenants and events of default. See "Risk Factors – Debt Matters – Debt Agreements" for a further description of the risks related to the Credit Agreement.

The Credit Agreement also requires Parkland and all borrowers thereunder to maintain specified financial ratios and satisfy specified financial tests.

Credit Ratings

The Senior Notes are rated BB- from Standard & Poor's Rating Services, a division of McGraw Hill Financial, Inc. ("**S&P**") and BB from DBRS Limited ("**DBRS**").

S&P's credit ratings are on a long-term debt rating scale that ranges from AAA to D, which represents the range from highest to lowest quality of such securities rated. A rating of BB- is the fifth highest of ten major categories. According to the S&P rating system, an obligor with debt securities rated BB- is less vulnerable to nonpayment than other speculative issues, however, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation. The addition of a plus (+) or minus (-) designation after a rating indicates the relative standing within a particular rating category.

DBRS rates long-term debt instruments by rating categories ranging from "AAA" to "D", which represents the range from highest to lowest quality of such securities rated. All rating categories other than "AAA" and "D" also contain subcategories "(high)" and "(low)". The absence of either a "(high)" or "(low)" designation indicates the rating is in the middle of the category. A rating of BB is characterized by DBRS to be speculative and non-investment grade credit quality, where the capacity for the payment of financial obligations is uncertain and vulnerable to future events. The BB category is the fifth highest of ten available rating categories.

Credit ratings are intended to provide investors with an independent measure of the credit quality of an issuer of securities. The credit ratings accorded to the notes are not recommendations to purchase, hold or sell such securities inasmuch as such ratings are not a comment upon the market price of the securities or their suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant. A revision or withdrawal of a credit rating could have a material adverse effect on the pricing or liquidity of the notes in the secondary markets, should such markets develop. Parkland undertakes no obligation to maintain the ratings or to advise holders of the Senior Notes of any change in ratings. Each agency's rating should be evaluated independently of any other agency's rating. See "Risk Factors".

We have paid fees for rating services to S&P and DBRS, but have not paid fees for other rating agency services during the last two years.

Market for Securities

Trading Price and Volume of Securities

Common Shares

The Common Shares are listed for trading on the TSX and trade under the symbol "**PKI**". The following table sets forth the price range and trading volumes for the Common Shares that traded on the TSX, as reported by TSX Historical Data Access, on a monthly basis for each month of the most recently completed financial year:

Month	High	Low	Volume Traded
January	$ 28.55	$ 27.00	3,544,205
February	$ 28.04	$ 26.03	3,441,492
March	$ 30.02	$ 26.52	6,791,003
April	$ 31.58	$ 28.72	6,815,117
May	$ 32.45	$ 29.10	6,279,766
June	$ 30.92	$ 29.39	6,311,499
July	$ 29.79	$ 26.69	4,641,207
August	$ 27.49	$ 24.63	8,889,562
September	$ 27.53	$ 25.32	11,312,755
October	$ 26.38	$ 23.41	9,764,790
November	$ 27.19	$ 24.97	8,736,109
December	$ 27.18	$ 25.12	6,105,210

Subscription Receipts

The Subscription Receipts were listed for trading on the TSX at the opening of trading on January 11, 2017 under the symbol "**PKI.R**" and were delisted from trading on the TSX after the close of trading on June 29, 2017 upon their conversion to Common Shares in accordance with their terms. The following table sets forth the price range and trading volumes for the Subscription Receipts that traded on the TSX, as reported by TSX Historical Data Access, on a monthly basis for each month of the most recently completed financial year during which the Subscription Receipts were listed for trading.

Month	High	Low	Volume Traded
January (11-31)	$ 28.98	$ 27.20	467,728
February	$ 28.36	$ 26.65	598,962
March	$ 30.40	$ 27.00	271,067
April	$ 32.00	$ 29.20	407,791
May	$ 32.60	$ 29.90	953,881
June (1-29)	$ 31.25	$ 29.93	52,075

Directors and Officers

Directors

The following table sets forth the name, jurisdiction of residence, committee memberships, principal occupations or employment for the preceding five years and the date of first being appointed as a director of Parkland for each of the directors of the Corporation as at December 31, 2017. The term of each director will expire at the end of the next annual meeting of Shareholders or when their successors are duly elected or appointed.

Name and Jurisdiction of Residence	Principal Occupation During the Five Preceding Years	Director of Parkland Since
John F. Bechtold(1)(2) Montreal, Quebec, Canada	Corporate Director.	August 10, 2006
Lisa Colnett(1) Toronto, Ontario, Canada	Retired. Interim Human Resources Executive of Silver Standard Resources Inc. from April, 2014 – August, 2014. Senior Vice President, Human Resources and Corporate Services of Kinross Gold from November, 2008 to October 2013.	May 8, 2014
Robert B. Espey(5)(6) Calgary, Alberta, Canada	President and Chief Executive Officer of Parkland since May 1, 2011. President and Chief Operating Officer of Parkland from March 15, 2011 to April 30, 2011. Chief Operating Officer of Parkland from January, 2010 to March, 2011. Vice President of Retail Markets of Parkland from November, 2008 to December, 2009.	May 12, 2011
Timothy Hogarth(1)(2) Toronto, Ontario, Canada	President and CEO of The Pioneer Group Inc. Chairman and Chief Executive Officer of Pioneer Energy prior thereto.	June 25, 2015
James Pantelidis(2)(3)(4)(7) Toronto, Ontario, Canada	Corporate Director.	September 7, 1999
Domenic Pilla(2)(3)(4) Toronto, Ontario, Canada	CEO of McKesson Canada. President of Shoppers Drug Mart Corporation, a subsidiary of Loblaw Companies Limited from April 1, 2014 to January 9, 2015. Chief Executive Officer of Shoppers Drug Mart Corporation from November 1, 2011 until March 31, 2014.	January 5, 2015
Steven Richardson(3)(4)(8) Unionville, Ontario, Canada	Corporate Director.	August 2, 2017
David A. Spencer(9) Calgary, Alberta, Canada	Partner with Bennett Jones LLP.	May 5, 2005
Deborah Stein(3)(4) Calgary, Alberta, Canada	Corporate Director. Senior Vice President Finance and Chief Financial Officer at AltaGas Ltd. from 2008 to 2015.	May 13, 2016

Notes:

(1) Member of the Human Resources and Corporate Governance Committee. Chair of the Compensation and Corporate Governance Committee is Ms. Colnett.

(2) Member of the Supply and Business Development Advisory Committee. Chair of the Supply and Business Development Advisory Committee is Mr. Pantelidis.

(3) Member of the Audit Committee. Chair of the Audit Committee is Ms. Stein. Parkland is required under applicable securities regulations to have an Audit Committee. Deborah Stein was added to the Audit Committee after her appointment to Parkland's board on May 13th, 2016 and was appointed chair in November 2016 following the retirement of Mr. Rogers. Mr. Richardson was appointed to the audit committee on August 2, 2017.

(4) The members of the Audit Committee have been determined to be financially literate. The education and experience of each Audit Committee member is detailed at page 31 herein under the heading Audit Committee Information.

(5) Mr. Espey is President and Chief Executive Officer of each Parkland entity.

(6) Mr. Espey, prior to November 10, 2008 was President and CEO of FisherCast Global Corporation. Mr. Espey was an officer of FisherCast when it filed for protection on June 4, 2008 under the *Companies' Creditors Arrangement Act* (Canada) ("**CCAA**") and became President and Chief Executive Officer during the period of protection. Pursuant to a CCAA order issued on August 20, 2008, the assets of FisherCast were sold and the proceeds of such sale were distributed. Mr. Espey resigned as President and Chief Executive Officer of FisherCast on August 27, 2008. FisherCast Global Corporation became bankrupt on August 28, 2010.

(7) Mr. Pantelidis is Chairman of the Board of Directors.

(8) Mr. Richardson was a member of the board of directors of Sterling Shoes Inc. from June 2010 to January 2013. Pursuant to orders of the Supreme Court of British Columbia, including an initial order dated October 21, 2011, Sterling Shoes Inc. and each of its subsidiaries obtained creditor protection under the CCAA. On November 28, 2014, the BCSC granted an order authorizing, among other things, a final distribution to the creditors of Sterling Shoes GP Inc. and Sterling Shoes Limited Partnership holding individual claims in excess of $4,600; such distribution is still ongoing. Furthermore, on September 9, 2013, the British Columbia Securities issued a cease trader order relating to any trading in securities of Sterling Shoes Inc. as a result of Sterling Shoes Inc. not having filed its (i) annual audited financial statements, annual management's discussion and analysis and certification of annual filings for the years ended December 31, 2011 and December 31, 2012 and (ii) interim unaudited financial statements, interim management's discussion and analysis and certification of interim filings for the interim periods ended March 31, 2012, June 30, 2012, September 30, 2012, March 31, 2013, June 30, 2013 and September 30, 2014, by the required deadlines. Related cease trader orders were also issued by securities regulatory authorities in Alberta on December 9, 2013, Ontario on September 16, 2013 (replaced by a permanent cease trade order as of September 27, 2013) and Quebec on September 12, 2013 (replaced by a permanent cease trade order as of September 27, 2013). The cease trade orders remain in effect.

(9) Mr. Spencer is a partner with Bennett Jones LLP, a la firm that provides services to Parkland.

Officers and Senior Management

The following table sets forth the name, jurisdiction of residence, positions and offices held with Parkland and principal occupations or employment for the preceding five years of each of the officers and senior management of Parkland.

Name and Jurisdiction of Residence	Principal Occupation During the Five Preceding Years
Robert B. Espey[(1)] Calgary, Alberta, Canada	President and Chief Executive Officer since May 2011. President and Chief Operating Officer of Parkland from March 15, 2011 to April 30, 2011. Chief Operating Officer of Parkland from January 2010 to March 2011. Vice President of Retail Markets of Parkland from November 2008 to December 2009.
Michael S. H. McMillan Toronto, Ontario, Canada	Chief Financial Officer since February 11, 2015. Vice President and Treasurer of Parkland from December 2011 to February 2015. Director, Business Development of Parkland from June 2011 to December 2011. Controller, Retail Markets, Parkland, December 2009 to June 2011. Vice President, Professional Services of a private consulting firm prior thereto.
C. Peter Kilty Sylvan Lake, Alberta, Canada	Senior Vice President, Operations, Retail and Commercial Fuels of Parkland since February 2017. Vice President, Retail of Parkland since April 2012. Senior Vice President, Dealer Relations, Canadian Tire Corporation from July 2006 to April 2012. President, Canadian Tire Petroleum from November 2000 to June 2006.
Pierre P.G. Magnan Calgary, Alberta, Canada	Interim Senior Vice President, Supply and Trading of Parkland since July 2017. Vice President, Corporate Development since December 2017. Vice President, General Counsel and Corporate Secretary of Parkland from December 2015 to December 2017. Independent Counsel from April 2014 to December 2015 and Principal of Deer Grove Inc., a private investment company. Partner at Gowling Lafleur Henderson LLP from February 2009 – March 2014.
Darren Smart[(2)] Calgary, Alberta, Canada	Vice President, Corporate Development since September 2015. Director, Corporate Development of Parkland from August 2014 to September 2015. Portfolio Manager, Teachers' Private Capital from June 2005 to July 2014.
Melody Appleman Calgary, Alberta, Canada	Vice President, People & Culture of Parkland since May 2015. Vice President, Human Resources, FGL Sports Ltd. and Mark's from February 2012 to April 2015. Vice President, Rewards and Recruiting, The Forzani Group Ltd. From December 2010 to February 2012.
Ian White Toronto, Ontario, Canada	Vice President, Strategic Marketing since February 2017. Director, Pioneer Energy from June 2014 to January 2017. Head of Canada, National Money Mart Company, Dollar Financial Group from September 2011 to July 2014.
Douglas Haugh Atlanta, Georgia, United States	President, Parkland USA since November 2017. President and Chief Strategy Officer, Mansfield Energy Corp. from October 2016 to November 2017. President, Mansfield Oil Company, June 2007 to November 2016.

Note:
(1) Robert B. Espey, prior to November 10, 2008 was President and CEO of FisherCast Global Corporation. Mr. Espey was an officer of FisherCast when it filed for protection on June 4, 2008 under the CCAA and became President and Chief Executive Officer during the period of protection. Pursuant to a CCAA order issued on August 20, 2008, the assets of FisherCast were sold and the proceeds of such sale were distributed. Mr. Espey resigned as President and Chief Executive Officer of FisherCast on August 27, 2008. FisherCast Global Corporation became bankrupt on August 28, 2010.
(2) Darren Smart, prior to August 2014 was a director of Aquilex Holdings LLC. Mr. Smart was a director of Aquilex Holdings LLC when it successfully completed a consensual financial restructuring with its debt holders on February 3, 2012. Mr. Smart resigned as a director of Aquilex Holdings LLC in February 2012.

As of December 31, 2017, the directors and senior management of Parkland, as a group, beneficially owned, or controlled or directed, directly or indirectly, approximately 594,120 Common Shares, representing approximately 0.45% of the issued and outstanding Common Shares as of December 31, 2017.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Corporate Cease Trade Orders

To the knowledge of the Corporation, no director or executive officer of the Corporation, is as at the date hereof or was, within the 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company that: (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation (an "**order**") that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Corporate Bankruptcies

To the knowledge of the Corporation, other than as set forth in the notes to the tables under the heading "*Directors and Officers*", no director, executive officer or controlling securityholder of the Corporation is, as of the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Personal Bankruptcies

To the knowledge of the Corporation, no director, executive officer or controlling securityholder of the Corporation has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Penalties or Sanctions

To the knowledge of the Corporation, no director, executive officer or controlling securityholder of the Corporation has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Certain of the directors and officers of the Corporation are engaged in, and may continue to be engaged in, other activities in the industries in which the Corporation operates from time to time. As a result of these and other activities, certain directors and officers of the Corporation may become subject to conflicts of interest from time to time. The Business Corporations Act provides that in the event that an officer or director is a party to, or is a director or an officer of, or has a material interest in any person who is a party to, a material contract or material transaction or proposed material contract or proposed material transaction, such officer or director shall disclose the nature and extent of his or her interest and shall refrain from voting to approve such contract or transaction, unless otherwise provided under the Business Corporations Act. To the extent that conflicts of interests arise, such conflicts will be resolved in accordance with the provisions of the Business Corporations Act.

As of the date hereof, the Corporation is not aware of any existing or potential material conflicts of interest between the Corporation and any director or officer of the Corporation.

Material Contracts

Except for contracts entered into in the ordinary course of business, the only material contract entered into by Parkland within the most recently completed financial year, or before the most recently completed financial year but which are still material and are still in effect, is the Credit Agreement (see the section "*Description of Capital Structure – Indebtedness – Credit Agreement*")

Interests of Experts

Our independent auditors are PricewaterhouseCoopers LLP, Chartered Professional Accountants, who have issued an independent auditor's report in respect of our consolidated financial statements. PricewaterhouseCoopers LLP has advised that they are independent to us within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of Alberta.

Legal Proceedings and Regulatory Actions

The Corporation is not aware of any material legal proceedings to which the Corporation or its affiliates is a party or to which their property is subject.

Interest of Management and Others in Material Transactions

The Corporation is not aware of any material interest, direct or indirect, of any director or officer of the Corporation, any director or officer of a corporation that is an insider or subsidiary of the Corporation, or any other insider of the Corporation, or any associate or affiliate of any such person, in any transaction since the commencement of the Corporation's last three completed financial years, or in any proposed transaction, that has materially affected or would materially affect the Corporation or any of its subsidiaries.

Additional Information

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans, is contained in the information circular for Parkland's most recent annual meeting of security holders. Additional financial information is provided in Parkland's annual consolidated financial statements and management's discussion and analysis for the year ended December 31, 2017. The annual consolidated financial statements and management's discussion and analysis for the year ended December 31, 2017 are deemed to be incorporated by reference into this Annual Information Form. Copies of such documents are filed and available on SEDAR at www.sedar.com and may be obtained in the manner set forth above.

The Corporation routinely files all required documents through the SEDAR website and on its own website. Internet users may retrieve such material through the SEDAR website www.sedar.com. Parkland's website is located at www.parkland.ca but Parkland's website is not incorporated by reference into this Annual Information Form.

Registrar and Transfer Agent

The transfer agent and registrar for the Common Shares is Computershare Trust Company of Canada, 710, 530 – 8th Avenue SW, Calgary, Alberta T2P 3S8, Tel: 1-800-564-6253.

Appendix 1 Mandate of the Audit Committee

Overall Purpose / Objective

The Audit Committee is appointed by the Board of Directors of Parkland (the "**Corporation**") to assist the Board in discharging its oversight responsibilities. The Audit Committee will oversee the financial reporting process with a goal of ensuring the balance, transparency and integrity of published financial information of Parkland. The Audit Committee will also review: the effectiveness of Parkland's internal financial control and risk management system; the effectiveness of the internal audit function; the independent audit process including recommending the appointment and assessing the performance of the external auditor of Parkland; the Corporation's process for monitoring compliance with laws and regulations affecting financial reporting.

Parkland will comply with the policies and procedures overseen or reviewed by the Audit Committee and use their best efforts to ensure that these policies and procedures are implemented.

In performing its duties, the Audit Committee will maintain effective working relationships with the Board of Directors, management and the external auditors. To perform his or her role effectively, each Audit Committee member will need to develop and maintain his or her skills and knowledge, including an understanding of the Audit Committee's responsibilities and of the Corporation's business operations and risks.

The members of the Audit Committee will be financially literate and independent as defined by National Instrument 52-110 Audit Committees ("NI 52-110").

Although the Audit Committee has the powers and responsibilities set forth in this Mandate, the role of the Audit Committee is oversight. The members of the Audit Committee are not full-time employees of the Corporation and may or may not be accountants or auditors by profession or experts in the fields of accounting or auditing and, in any event, do not serve in such capacity nor are they experts in performing other tasks they are called on to perform by this Mandate. Consequently, it is not the duty of the Audit Committee to conduct audits or to determine that the Corporation's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles ("**GAAP**") and applicable rules and regulations. These are the responsibilities of management and the external auditor.

Authority

The Board authorizes the Audit Committee, within the scope of its responsibilities, to:

(a) Perform activities within the scope of this Mandate;

(b) Engage and compensate independent counsel and other advisers as it deems necessary to carry out its duties;

(c) Ensure the attendance of Corporate Officers at meetings as appropriate;

(d) Request and gain access to members of management, employees and relevant information to perform this Mandate;

(e) Establish procedures for dealing with the confidential, anonymous submissions by employees of the Corporation regarding accounting, internal control or auditing matters;

(f) Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters;

(g) Approve the appointment, compensation, retention and annual scope of work of the external auditor;

(h) Approve all engagement fees and terms as well as reviewing policies for the provision of audit and non-audit services by the external auditors and the pre-approval of such non-audit work as required by NI 52-110; and

(i) Communicate directly with the CFO, internal and external auditors, and meet *in camera* with same.

Organization

Membership

(a) The Board of Directors will appoint the Audit Committee members and the Chair of the Audit Committee.

(b) The Audit Committee will comprise at least three members and all members will be independent within the meaning set forth in NI 52-110 as amended from time to time, non-executive Directors of the Corporation.

(c) A quorum for any meeting of the Audit Committee will be two members.

(d) Each member should have skills and experience appropriate to the Corporation's business.

(e) Members will be appointed for a one year term of office.

(f) Each member of the Audit Committee shall be financially literate within the meaning set forth under NI 52-110.

(g) A member of the Audit Committee shall *ipso facto* cease to be a member of the Audit Committee upon ceasing to be a director of the Corporation.

Meetings

(a) Notice of the time and place of every meeting may be given orally, in writing, by facsimile or by other electronic means to each member of the Committee at least 48 hours prior to the time fixed for such meeting. A member may in any manner waive notice of the meeting. Attendance of a member at a meeting shall constitute waiver of notice.

(b) Only Audit Committee members are entitled to attend meetings. The Audit Committee may invite such other persons to its meetings as it deems necessary.

(c) The external auditors will be invited to make presentations to the Audit Committee as appropriate.

(d) Meetings will be held not less than four times a year and should correspond with the Corporation's financial reporting cycle.

(e) Other meetings may be convened as required by the Audit Committee or the external auditors.

(f) The secretary of the Audit Committee will circulate the agenda and supporting documentation to the Audit Committee members at a reasonable period in advance of each meeting.

(g) The secretary of the Audit Committee will circulate the minutes of meetings to members of the Board, members of the Audit Committee, and where appropriate to the external auditors.

(h) At least one member of the Audit Committee will attend the Board meeting at which the financial statements are approved.

(i) Members of the Audit Committee should make every attempt to be available for every meeting of the Audit Committee in person or by conference call.

(j) The Audit Committee may call a meeting with outside legal counsel if it is deemed necessary.

(k) The Audit Committee will meet with the external auditor without management present at each meeting of the Audit Committee that the external auditor attends. Even if this meeting is only to determine that there are no issues that need to be discussed without management.

(l) The Audit Committee shall meet with the external auditors at least quarterly and otherwise as it deems appropriate to consider any matter that the Audit Committee or the external auditors determine should be brought to the attention of the Board or shareholders.

Roles and Responsibilities

The Audit Committee will:

Internal Control

(a) Have oversight responsibility for management reporting on internal controls;

(b) Review with the external auditors of the Corporation the adequacy of internal control procedures and management information systems and make inquiries to management of the Corporation and the external auditors of the Corporation about significant risks and exposures to the Corporation that may have a material adverse impact on the Corporation's financial statements and about the efforts of the management of the Corporation to mitigate such risks and exposures;

(c) Review confidential submissions by employees of the Corporation received via the Corporation's Whistleblower Hotline (which are sent directly to the Chair) and make appropriate recommendations to the Board of Directors regarding same;

(d) Review recommendations made by the external auditors; and

(e) Monitor policies and procedures relating to directors' and officers' expenses and the reimbursement thereof and relating to any perquisites paid to directors and officers.

Financial Reporting

(a) Gain an understanding of the current areas of greatest financial and internal control risk and of how these are being managed;

(b) Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on financial reports;

(c) Oversee the periodic financial reporting process implemented by management and review the interim financial statements, annual financial statements MD&A, and relevant news releases or announcements and any other financial information related to the Corporation to be provided to shareholders prior to their release;

(d) Recommend for approval to the Board the Corporation's audited annual and interim financial statements, related management's discussion and analysis and earnings news releases;

(e) Meet with management and the external auditors to review the financial statements and the key accounting policies and judgments;

(f) Review with the external auditors of the Corporation and/or management of the Corporation the results of the annual audit, and make appropriate recommendations to the Board having regard to, among other things:

   (i) the financial statements;

   (ii) management's discussion and analysis and related financial disclosure contained in continuous disclosure documents;

   (iii) significant changes, if any, to the initial audit plan;

   (iv) accounting and reporting decisions relating to significant current year events and transactions;

   (v) the management letter, if any, outlining the external auditors' findings and recommendations, together with management's response, with respect to internal controls and accounting procedures; and

   (vi) any other matters relating to the conduct of the audit, including such other matters which should be communicated to the Committee under generally accepted auditing standards.

(g) Review significant adjustments, material unadjusted differences, significant disagreements with management and critical accounting policies and practices and the Corporation's responses to these queries; and

(h) Ensure its compliance with all of the applicable requirements of NI 52-110 and for reporting any non-compliance with such requirements to the Board, including the reasons for such non-compliance.

Compliance with Laws and Regulations

(a) Review the effectiveness of the system for monitoring compliance with laws and regulations;

(b) Obtain regular updates from management regarding compliance matters that may have a material impact on the Corporation's financial statements or compliance policies;

(c) Review the reports of management on regulatory compliance matters related to the business of the Corporation in the preparation of the financial statements; and

(d) Review the findings of material reports by regulatory agencies.

Working with Auditors

(a) Advise the external auditors of their accountability to the Audit Committee and the Board as representatives of the shareholders of the Corporation to whom the external auditors are ultimately accountable. The external auditors of the Corporation shall report directly to the Audit Committee;

(b) Review the professional qualification of the auditors, including background and experience of partner and auditing personnel;

(c) Ensure compliance by the Corporation's external auditors with the requirements set forth in National Instrument 52-108 Auditor Oversight;

(d) Ensure that the Corporation's external auditors are participants in good standing with the Canadian Public Accountability Board ("**CPAB**") and participate in the oversight programs established by the CPAB from time to time and that the external auditors have complied with any restrictions or sanctions imposed by the CPAB as of the date of the applicable auditor's report relating to the Corporation's annual audited financial statements;

(e) Obtain from the external auditors of the Corporation a formal written statement describing in detail all of the relationships between the external auditors and the Corporation, determine whether the non-audit services performed by the external auditors during the year have impacted their independence, ensure that no relationship between the external auditors and the Corporation exists which may affect the independence of the external auditors and take appropriate action to ensure the independence of the external auditors;

(f) Review on an annual basis the performance of the external auditors and make recommendations to the Board for the appointment, reappointment or termination of the appointment of the external auditors;

(g) Review all correspondence and memoranda relating to all audit and non-audit engagements provided by external auditors in relation to the Corporation's present circumstances and changes in regulatory and other requirements;

(h) Discuss with the external auditor any audit problems encountered in the normal course of audit work, including any restriction on audit scope or access to information;

(i) Ensure that significant findings and recommendations made by the external auditors and management's proposed response are received, discussed and appropriately acted on;

(j) Discuss with the external auditor the appropriateness of the accounting policies applied in the Corporation's financial reports and/or any significant changes to the Corporation's accounting policies, principles or practices;

(k) Meet separately with the external auditors to discuss any matters that the Audit Committee or auditors believe should be discussed privately. Ensure the auditors have access to the Chair of the Audit Committee when required;

(l) Review policies for the provision of non-audit services by the external auditors and, if required, the pre-approval of such non-audit work;

(m) Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation;

(n) Review management's proposed internal control plan for the coming year and ensure that there is appropriate co-ordination with the external auditor; and

(o) Perform all other functions required of Audit Committees by applicable regulatory authorities in connection with the termination or resignation of an auditor;

Reporting Responsibilities

(a) Regularly update the Board about Audit Committee activities and make appropriate recommendations;

(b) Ensure the Board is aware of matters brought to the attention of the Audit Committee that may significantly impact on the financial condition or affairs of the Corporation;

(c) Prepare any reports required by regulations on the Audit Committee's Mandate and activities to be included in all applicable public disclosure documents; and

(d) Review the disclosure contained in the Corporation's annual information form as required by Form 52-110F1 Audit Committee Information Required in an AIF ("Form 52-110F1") attached to NI 52-110. If management of the Corporation solicits proxies from shareholders of the Corporation for the purpose of recommending persons to be elected as directors of the Corporation, the Audit Committee shall be responsible for ensuring that the Corporation's information circular includes a cross-reference to the sections in the Corporation's annual information form that contain the information required by Form 52-110F1.

(e) Ensure the preparation and filing of each annual certificate in Form 52-109F1 Certification of Annual Filings Full Certificate and each interim certificate in Form 52-109F2 Certification of Interim Filings Full Certificate to be signed by each of the Chief Executive Officer and Chief Financial Officer of the Corporation in accordance with the requirements set forth under NI 52-109 in Issuers' Annual and Interim Filings as amended from time to time;

(f) Ensure that management of the Corporation establishes and maintains disclosure controls and procedures for the Corporation that are designed to provide reasonable assurance that material information relating to the Corporation, including its consolidated subsidiaries, is made known to management of the Corporation by others within those entities, particularly during the period in which the annual filings or interim filings are being prepared and that management of the Corporation establishes and maintains internal control over financial reporting for the Corporation that has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Corporation's generally accepted accounting principles. In respect of annual filings only, the Audit Committee is also responsible for ensuring that management of the Corporation evaluates the effectiveness of the Corporation's disclosure controls and procedures as of the end of the period covered by the annual filings and has caused the Corporation to disclose in the annual management's discussion and analysis its conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by the annual filings based on such evaluation. The terms "annual filings," "interim filings," "disclosure controls and procedures" and "internal control over financial reporting" shall have the meanings set forth under NI 52-109; and

(g) Monitor any changes in the Corporation's internal control over financial reporting and for ensuring that any change that occurred during the Corporation's most recent interim period that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting is disclosed in the Corporation's annual management's discussion and analysis.

Evaluating Performance

(a) Evaluate the Audit Committee's own performance, both of individual members and collectively, on an annual basis; and

(b) Assess the achievements of the duties of the Audit Committee specified in the Mandate and report the findings to the Board.

Review of the Audit Committee Mandate

The HR&CG Committee, with input by all Board members and management, will review these terms of reference at least annually or, where circumstances warrant, at such shorter intervals as is necessary, to determine if further additions, deletions or other amendments are required.

Parkland
FUEL CORPORATION

www.parkland.ca